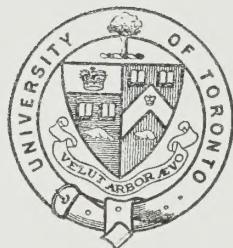


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~~Canada Royal Commission on Price Spreads~~
~~Submission~~

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**SUBMISSION OF THE
GOVERNMENT OF ONTARIO
TO
THE ROYAL COMMISSION ON
PRICE SPREADS OF FOOD PRODUCTS**

SEPTEMBER 15, 1958

**PRESENTED BY
THE HONOURABLE LESLIE M. FROST, Q.C.
PRIME MINISTER OF ONTARIO**

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FOREWORD

September 12th, 1958.

Dr. Andrew Stewart,
Chairman,
Royal Commission on Price Spreads of Food Products.

Dear Dr. Stewart:

We wish to extend to you a very cordial welcome to this Province and to express our best wishes for a fruitful and rewarding period of discussion and deliberation. The subject of this inquiry is of signal importance to the people of Ontario.

In our Submission to you we have endeavoured to present a picture of the structure of Ontario's farm industry and of the various stages relating to the processing and marketing of our farm output, together with such information as we have on the price spreads of food products in this Province. Our Submission is essentially factual in nature. If it supplements the Commission's information and hence its knowledge of the complex arrangements existing between the various primary producers, processors, wholesalers and retailers who are engaged in making food products available to consumers, it will have served its purpose.

We extend to you our cooperation. If there are phases of this Submission which require further elaboration, you may be assured we will do our best to meet your requirements.

Yours sincerely,

Leslie M. Frost
Prime Minister of Ontario

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SUBMISSION OF THE GOVERNMENT OF ONTARIO
TO THE ROYAL COMMISSION ON PRICE SPREADS OF FOOD PRODUCTS
MONDAY, SEPTEMBER 15, 1958

This Submission was prepared in the Ontario Department of Economics and the Ontario Department of Agriculture.
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Appreciation is expressed to Professor D. R. Campbell, head of the Department of Agricultural Economics, Ontario Agricultural College, who acted in a consulting and advisory capacity and to Dr. C. D. Graham, Deputy Minister of the Department of Agriculture for his unfailing co-operation.

George Gathercole
Deputy Minister of Economics.

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PART I

TRENDS IN AGRICULTURE, PROCESSING AND MARKETING;

WITH SPECIAL REFERENCE TO

GOVERNMENT ACTIVITIES IN THESE FIELDS

In Chapter I the discussion centres on the main trends in agricultural production showing how through specialization, mechanization and scientific advances the farmer has improved his efficiency and productivity. Chapter II outlines how such Government-backed developments as cooperative marketing and marketing boards, research and education, market information and inspection and grading, have given farmers greater control over the prices of their products. In Chapter IV we go on to consider the processing and marketing of the products of Ontario's farms, noting that there have been some significant changes of emphasis in these fields in the last 25 years.

CHAPTER I

THE AGRICULTURAL INDUSTRY IN ONTARIO

Introduction

Agriculture has always been Ontario's most important primary industry. The Province provides it with an ideal setting; climate is favourable; soil is fertile and markets are large and accessible.

In 1956, the Province had a farm population of 683,148 -- 26 per cent of the total farm population of Canada -- and it received a total cash income of \$791 million, which was 31 per cent of the total Canadian farm cash income.

With 20,000,000 acres out of a total Canadian arable acreage of 174,000,000, Ontario produced at least one-third of the hogs raised in the country, 40 per cent of the poultry and eggs, most of the corn, soy beans and tobacco, two-thirds of the cheese and very high proportions of all major farm products except cereal grains.

TABLE I

Cash Income from the Sale of Farm Products, Ontario, 1957

(\$ millions)

Cattle and Calves	175
Dairy Products	160
Hogs	115
Poultry	74
Tobacco	70
Eggs	65
Vegetables	34
All Other Crops, Fruits and Vegetables	81
All Other Livestock and Livestock Products	9
Forest and Maple	8
Total	791

==

In the last 50 years, farm population has declined in relation to the total population of the Province. And in the past 25 years farm population has dropped absolutely -- from 800,960 in 1931 to 683,148 in 1956.

In spite of this decline in the number engaged in agriculture, together with a decrease in the number of acres under cultivation (23 million acres in 1931; 20 million acres in 1956), farm production has shown a

remarkable increase. The volume of physical production was 31.3 per cent higher in 1957 than in 1935-39. The increase in production per farm worker has far exceeded the increase in production by the agricultural industry as a whole.

The Transition to Commercial and Specialized Farming

Over a century ago, Ontario's farms were self-sufficient family enterprises. Now they are, in the main, highly specialized businesses, using the latest technological and scientific methods.

Gradually, over these 100 years, the Ontario agricultural industry has adapted itself to the developing money economy of the Province and the nation. Increasingly, agricultural production has been intended for sale, rather than for personal consumption on the farm.

While the output of some products has expanded greatly, statistics show that the production of all but seven of the eighteen major Ontario field crops has declined since 1926. Four of the seven, which have increased, have climbed very markedly. They are grown almost entirely for sale. Production of one of these - tobacco - has increased eightfold since 1926. But the net result of these shifts has been that total farm production in terms of constant dollars has increased.

TABLE II

Index of Actual Production of Field Crops and Livestock on Ontario Farms
(Production in 1926 = 100)

	1926	1936	1946	1956
Winter Wheat	100	59.6	69.0	95.5
Spring Wheat	100	80.1	36.0	16.5
Oats	100	69.8	68.9	67.7
Barley	100	97.0	68.8	25.7
Rye	100	59.6	89.9	124.3
Buckwheat	100	79.6	49.4	23.9
Flax	100	44.7	235.5	298.7
Mixed Grains	100	97.4	139.2	155.0
Corn (for husking)	100	88.3	155.9	401.3
Corn (for fodder)	100	70.7	75.7	75.9
Dry Peas	100	43.4	33.9	6.8
Dry Beans	100	90.7	162.3	136.9
Potatoes	100	93.8	89.5	66.7
Field Roots	100	98.6	48.0	18.5
Hay	100	86.8	84.6	90.5
Sugar Beets (1)	-	105.4	70.1	43.8
Soy Beans (2)	-	-	100.0	491.5
Tobacco	100	183.8	645.5	794.4
Horses	100	89.4	70.6	22.2
Poultry	100	129.8	160.4	150.2
Swine	100	81.2	89.3	89.2
Sheep	100	92.4	71.0	44.5
Cattle	100	89.7	94.8	105.1

(1) Information prior to 1930 not available on Sugar Beets.

(2) Information prior to 1940 not available on Soy Beans.

Source: Agricultural Statistics for Ontario.

Developments in agriculture have been influenced by the industrial growth of the Province and the trend to urbanization. Greatly expanded urban markets have given rise to the possibility of extensive commercial farming. Tremendous increases in output per man in agriculture, plus the demand for workers in urban industries have made possible a large-scale drift of people from agriculture which has been a factor in the rapid industrial expansion of Ontario.

Technological changes and economic factors have been at the root of the general transition from self-sufficient agriculture to specialized, commercial farming.

Ninety per cent of the Province's farms are now served by Ontario Hydro. Rural electrification has permitted the widespread use of newer mechanical devices and appliances on the farm. These, with the increasingly efficient machinery available to the farmer, have enabled him to meet the economic pressures arising out of the rapidly climbing cost of farm labour and the declining farm labour force.

TABLE III

Yearly Average Consumption of Hydro-Electric Power per Farm
Ontario, Census Years 1941-1956

<u>Year</u>	<u>Yearly Average Consumption Per Farm (KWH)</u>
1941	601
1951	2,740
1956	4,598

Source: Economic Survey of Ontario, 1956, Ontario Department of Economics.

The extent of the trend to mechanization is best illustrated by the figures of the actual number of machines on farms in Ontario. While these figures are not complete for each category in every census year, the magnitude of the change is very discernible.

TABLE IV

Number and Type of Machinery on Ontario Farms
Census Years 1931-1956

<u>Type of Machinery</u>	<u>Number of Machines by Year</u>			
	<u>1931</u>	<u>1941</u>	<u>1951</u>	<u>1956</u>
Automobiles	125,716	128,774	114,870	117,321
Motor Trucks	14,586	17,537	41,486	58,041
Tractors	18,993	35,460	105,204	136,062
Gas Engines	45,380	32,801	20,243	24,289
Electric Motors	9,604	40,137	84,679	-
Threshing Machines	8,490	9,094	15,946	-
Grain Binders	124,561	-	85,135	-
Combines	-	796	10,031	16,644
Milking Machines	4,105	-	38,740	-

Source: Census of Canada, 1951, 1956.

Other factors such as a preference for machines, a desire to eliminate various non-monetary problems connected with hired labour have reinforced the economic motivations leading to the acceptance of machines and the mechanization of farming operations. The very existence of a particular machine invites the farmer to begin using it.

In the past few decades and particularly in periods of full employment, higher industrial wages have drawn many of the farm labourers into the factories of the towns and cities of Ontario. To compete in the labour market, farm operators have been forced to increase wages. Farm wages in 1957 were four-and-one-half times as high as in 1940.

TABLE V
Average Wages of Male Farm Help in Ontario

Year	Per Month with Board	Year	Per Month with Board
1940	\$22	1948	\$69
1941	28	1949	71
1942	38	1950	66
1943	46	1951	77
1944	51	1952	87
1945	54	1953	83
1946	57	1954	84
1947	64	1955	84
		1956	86
		1957	98

While the total number of farms and the area under cultivation in Ontario have declined over the past 30 years, the average farm has enlarged. This has been possible because of developing mechanization. The trend toward larger farms has resulted also, in part, from the attempt to secure a proper technical fit between implements and land. This trend has not been universal. In 1951 less than 16 per cent of the farms in Ontario accounted for nearly half the farm acreage. The remaining 84 per cent of the farmers were operating on substantially smaller farms.

TABLE VI

Number, Area and Average Area of Farms in Ontario
Census Years 1871-1956

Year	No. of Farms	Area of Farms	Average
			Area of Farms
		(acres)	(acres)
1871	172,258	16,161,676	93.8
1881	206,989	19,259,909	93.0
1891	216,195	21,091,698	73.8
1901	204,054	21,349,524	104.6
1911	212,108	22,171,785	104.5
1921	198,053	22,628,901	114.3
1931	192,174	22,840,898	118.9
1941	178,204	22,387,981	125.6
1951	149,920	20,880,054	139.2
1956	140,602	19,879,646	141.4

The extension of electrification and mechanization has been accompanied by growing specialization. Mixed farming has, in the past, been the main method of farm production. Because of the economies involved in the use of machines and electrical devices, specialization in the production of particular crops and livestock has become increasingly important in the past few years. In addition, specialization has allowed the farmer to take advantage of scientific improvements in agriculture and to obtain the maximum degree of efficiency that comes from newer machines. Production per man and per acre have shown marked advances as a result of specialization.

Problems Raised by the Transition

The movement toward specialization and commercialization has created problems in the inter-related realms of financing, production and marketing.

This trend has increased the vulnerability of Ontario's farmers to drastic price changes. In contrast to self-sufficient farmers, and in some degree to mixed farmers, commercial farmers have high cash expenses, with few opportunities for cost cutbacks in periods of unfavourable prices. With growing specialization, farmers lose flexibility in crop production; they are less able to switch from one product to another to meet changing conditions without major reorganization.(1)

Large-scale and specialized production also calls for the use of efficient farm management techniques and cost control. Improved credit facilities are necessary to finance the larger and more expensive operations

(1) See Appendix 2, Tables I and II.

demanded by commercialization and specialization. Without access to considerable credit, a young man cannot establish a specialized farm of sufficient size to afford him a satisfactory income. Nor can an operating farmer successfully change his production methods.

The problem of financing has contributed to considerable vertical integration or contract farming, particularly in the fields of livestock and poultry feeding.

The concentration of large numbers of livestock and poultry and the almost continuous cropping of land with the same crop have introduced new problems of disease and disease control.

In marketing, new problems have been created in cold storage, warehousing, grading, transportation, packaging. The growth of large, off-farm marketing organizations has raised problems of bargaining and has led to conflicting views on the size of and justification for marketing margins.

The largest single problem faced by the farmer is the decline of his net income from farming operations since 1951-52. While farm cash income in aggregate has tended toward stability since 1951-52, there has been a steady increase in costs, with small yearly variations, since the end of the war.

Ontario Government Action in Meeting the Problems of Transition

The Provincial Government through the Department of Agriculture offers a variegated program of assistance and support to agriculture. The Ontario Agricultural College and the Ontario Veterinary College, as well as other agricultural schools, are maintained by the Government, at a total cost of \$10.7 million in the current fiscal year. The Department of Agriculture supports a number of research institutions⁽¹⁾ where technical and disease problems associated with large-scale and specialized production are under constant investigation.

The Government is sponsoring various management studies, including the analysis of the accounts of many farm operators, aimed at assisting Ontario farmers to achieve more effective use of their farm resources. More than

(1) These institutions are discussed in greater detail in Chapter III.

150 professional extension workers are employed by the Government to aid individual farmers in solving their various problems.

Rural electrification has been pressed forward vigorously by the Government, which has paid up to 50 per cent of the cost of building lines and installing electrical equipment in rural areas. Since 1944, the Government has contributed \$93 million in subsidies to extend the benefits of electric power to the farmers of the Province.

To help young farmers purchase and operate economic-sized farms, the Government set up the Junior Farmer Establishment Loan Board. Since its inception in 1952, this agency has loaned almost \$20 million. The O.A.C. has held numerous schools for bankers to familiarize them with farm credit requirements.

In 1957 the cost of direct assistance to farmers from the various branches of the Department of Agriculture totalled over \$1 million. Almost \$400,000 was granted in 1957 for the construction of community centres alone.

The Government helps the farmer in the realm of marketing by backing the construction of food terminals, cold storage, warehousing and other physical facilities associated with the marketing process. It provides grading and inspection services for many farm products, assuring equity to all parties involved in the marketing process -- from farmer to consumer.

Enabling legislation has allowed the establishment of marketing boards responsible for the sale of some 30 farm products. The boards have introduced a greater degree of order and stability into the marketing of these products, and have given farmers greater control over the prices of their products. While complications and problems arise from time to time, every effort is made to solve them. Doubts about the legality of the Province's marketing policy were resolved in January, 1957, by a decision of the Supreme Court of Canada.

Numerous research studies, whose results will mean further advances in the field of marketing, are going on under the sponsorship of the Government.⁽¹⁾

(1) A more detailed survey of the activities of the Ontario Government can be found in the next chapter.

Agriculture in Northern Ontario

Northern Ontario is best known as an area of vast forests and rich mineral reserves. But agriculture has always played a significant part in its economy and promises to be even more important in the future. The development of forest-based and mineral industries and the resulting population increase are enlarging local demand for agricultural products.

The following tables set out the principal field crops grown in 1957 in Northern Ontario and the number of acres devoted to their cultivation. The number and value of livestock and poultry have also been listed.

TABLE VII

Acreage and Farm Value of Selected Field Crops in Northern Ontario, 1957

<u>Field Crops</u>	<u>Acres</u>	<u>1957 Farm Value (\$ '000)</u>
Hay	365,000	8,835
Oats	133,000	4,197
Mixed Grains	23,000	894
Potatoes	6,500	1,473
All Other Field Crops (1)	14,500	567
Total	<u>542,000</u>	<u>15,966</u>

(1) Excludes Sugar beets, tobacco and seeded pasture.

Source: Agricultural Statistics for Ontario, 1957, pp. 58-74.

TABLE VIII

Number and Value of Livestock and Poultry in Northern Ontario, 1957

	<u>1957 Number</u>	<u>Value</u>
Cattle	158,840	15,794
Horses	9,100	1,129
Swine	26,600	819
Sheep and Lambs	41,000	706
Poultry	844,660	984
Total		<u>19,432</u>

(Figures as of June 1, 1957)

Source: Agricultural Statistics for Ontario, 1957, pp. 97-98.

The Northern Ontario farmer has to cope with a number of problems peculiar to his region. The climate in which he operates is more rigorous and the growing season is shorter. If he seeks to open up new farm land, he must usually embark upon the difficult task of clearing trees and stumps. Many years may go by before such land is suitable for the production of crops. His markets are generally widely scattered and his transportation costs tend to be higher than in Southern Ontario. To help the farmer overcome these handicaps, various forms of assistance by the Provincial Government are available to bona fide farm operators:

Provincial aid in the clearing and breaking of Land

The Government pays to bona fide farmers 50 per cent of the cost of clearing and breaking land up to a maximum of \$25.00 per acre, on condition that the money so granted is used effectively for the purpose intended.

Provincial assistance in securing water supplies

Bona fide farmers are eligible for a subsidy equal to 50 per cent of the cost of drilling, casing (or cribbing), trenching and piping wells, or of digging, trenching and piping other sources of water. Maximum subsidy is \$300.00 while no subsidy will be granted where the total cost is \$200.00 or less.

Provincial assistance in connection with the purchase of weed control equipment

An amount equal to 50 per cent of the cost of the equipment and 50 per cent of the freight charges to destination (total grant not to exceed \$350.00 and provided a grant has not been received on the equipment from another Department of the Ontario Government) is offered on sprayers purchased by cooperative organizations, incorporated under Part XII of the Companies Act, a municipality, or an improved District.

Provincial aid for the production and marketing of potatoes

To encourage improved practices in potato production and marketing of potatoes in Northern Ontario, the Ontario Department of Agriculture offers the following assistance:

- fifty per cent of the freight charges to destination on potato grading machinery and equipment purchased by cooperative organizations. (The maximum grant is not to exceed \$350.00.);
- fifty per cent of the freight charges to any point in Ontario of certain grades of seed potatoes.

Freight assistance in connection with the transportation of breeding cattle

Generally, in order to be eligible for aid in the transportation of breeding cattle, the farmer has to purchase his stock in "Old Ontario". The amount of the grant is laid down in a schedule and varies between \$8.00 per head for points in Muskoka District (which for this purpose is considered to be part of Northern Ontario) and \$28.00 per head for points in Kenora District.

Assistance on transportation of approved limestone

The Ontario Government, the Federal Government and the railway companies cooperate in enabling the farmers to have ground limestone -- used to correct soil acidity -- transported at a reduced freight rate. The railways have established a rate which is approximately 25 per cent below the standard tariff for limestone. The Governments of Canada and Ontario provide a subsidy amounting to 75 per cent of the reduced rate. The assistance on truck shipments amounts to 5 cents per ton per mile from the approved source to the farm up to a maximum of \$2.00.

Other forms of assistance

Apart from the foregoing specific forms of Government assistance, the farmers in the north as well as their colleagues in the southern regions have the expert assistance of the members of the extension branch of the Ontario Department of Agriculture. The Province's demonstration farms at New Liskeard and the Strathclair Farm at Sault Ste. Marie experiment constantly to find solutions for agricultural problems in the north, from which the farmers can benefit. An important factor, which has offered a considerable contribution to agricultural development in Ontario's north, is the program of rural electrification implemented by the Ontario Hydro-Electric Commission. In the period 1951 to 1957 the number of miles of primary lines constructed by the Commission in northern rural areas was almost doubled from 2,995 to 5,873, whereas the number of rural customers more than doubled from 22,095 to 51,457.

CHAPTER II

THE DEVELOPMENT OF ORDERLY MARKETING PROGRAMS FOR PRIMARY FOOD PRODUCTS

Marketing Cooperatives

Marketing cooperatives have been established for various reasons: to provide a service not previously available or satisfactory to producers or to maximize net returns.

In Ontario there are marketing cooperatives in most areas of farm marketing, especially butter, cheese, concentrated milk, poultry and cash grain. None of the Province's marketing cooperatives has, of course, approached the spectacular growth of the Western Wheat Pools. In general, cooperative marketing activity in Ontario has developed for those products which are widely consumed but on which marketing margins are relatively the smallest.

Cooperatives have made a considerable contribution socially as well as economically to Ontario agriculture. They have been training grounds for leaders of other farm organizations, particularly marketing boards.

So far, their greatest contribution has been in purchasing farm supplies, rather than in cooperative marketing. But this latter phase is receiving increased attention.

Farm Marketing Boards

The Ontario farm marketing program is unusual in that any producer group has a choice of two forms of organization in developing a marketing plan. It can set itself up as a marketing agency or single sales agency corporation, or it can follow collective bargaining procedures.

Marketing Agency Group

Under the marketing agency system, prices and conditions of sale are set from day to day by producer-controlled corporations which have been designated as sole selling agencies for the farmer. Control, if not title, of the regulated product is transferred from the producer

to the sales agency which has full trading powers over the marketing of the regulated product.

While it has been employed in Western Canada for some time, agency marketing has a limited history in Ontario. Two products - hogs and peaches - are now marketed in Ontario under this system whereby the marketing agency controls the time and place at which the product is sold.

The agency marketing system in Ontario has from time to time given rise to problems. Inasmuch as it requires the farmer to place his product at the disposal of the organization which determines when and where the product is to be sold, an effective agency marketing arrangement necessitates a large degree of unanimity on the part of the farmers, who are individualists by nature. However, efforts are constantly being made to reconcile points of view, to solve problems and to build confidence. As was recently demonstrated in the province-wide vote on hog marketing, a large majority of Ontario farmers is devoted to some program of organized marketing of their products.

Collective Bargaining Group

Under the collective bargaining sales system, the regulated product is owned by the farmer and is marketed by him where he chooses, subject to the agreement or minimum price and conditions of sale negotiated for him by his marketing board. There are now in Ontario 16 collective bargaining marketing plans, through which regular negotiations are conducted on 28 crops, having an annual farm value in excess of \$250 million.

Tobacco, 20 fruit and vegetable processing crops, sugar beets, seed corn, soy beans, cream, cheese, wholemilk, condensed and powdered milk are marketed in this fashion.

The effectiveness of collective bargaining has been thoroughly demonstrated in other places. It introduces into the price structure

a stability never previously enjoyed by farmers. Even before many canning crops are planted in the spring, their producers know the prices which the processors will pay for them on delivery in the fall.

One of the noteworthy results of the collective bargaining system is the discovery that the orderliness which it introduces into marketing confers benefits not only upon the producer but upon the other parties to the marketing process, including the consumer. Within this area of mutual agreement and identity of interest between producer and buyer lie opportunities for increasing returns to producers with no equivalent increase in cost to the consumer.

Marketing boards have been able to secure for their members improved contracts and terms of trade. They have eliminated previous arrangements in which processing company lawyers, naturally biased in favour of their employers, drew up the production and delivery contracts.

The boards, with the active aid of the Department of Agriculture, have promoted greater standardization of contracts, of methods, of products, of packaging and selling techniques and so on. This tends to reduce producers' costs.

Marketing boards probably have some specific effects on internal farm business. A negotiated minimum price has stabilized price so that many producers can more effectively plan production -- what to produce, as well as how much. In addition, these plans may have speeded up the process of specialization, giving a fuller opportunity to use and benefit from modern farm management principles.

The existence of these boards means that the farm business operator in Ontario has the means to deal with crucial problems that arise and are beyond his individual control.

Marketing Information

While Ontario farmers, like their counterparts in other industries, base their production plans largely upon price regulations and expectations of profit, they, in common with agriculturalists

everywhere, frequently encounter problems of over-production, and consequently of price instability. Ontario farmers are not significantly dependent upon external markets, where adjustments are most severe, but they still must make judgments aimed at balancing supply and demand.

Satisfactory judgments can be made only on the basis of the marketing information available to farmers. It is reasonable to suppose that where individual farmers are better informed on the forces operating behind current market prices they can act to minimize production fluctuations and can therefore assure themselves higher levels of farm income.

The Ontario Department of Agriculture is giving leadership in the provision of marketing information. It may be of a general nature, dealing with economic conditions and population developments, or of a specific nature, relating to particular products in a particular market.

Reference data of a general nature would appear to be sufficiently available to anyone who wishes to make use of them. In recent years, attention has primarily been given to the provision of specific information and it is being compiled by government agencies, farmers' organizations and marketing boards and agencies. This has not only helped to stabilize farm prices, but also to reduce the variations between incomes of individual farmers, all of whom have access to the same information.

Recognition of the paramount importance of a balanced supply and demand situation has led the Ontario Department of Agriculture, through its Farm Economics Branch, to compile information on prices, production and movement of products within the Province's markets. Findings are made available to farm organizations, marketing boards, farm operators, and, at times, to the general public. Relative prices are an important guide to farmers in selecting those products which are most urgently needed by the economy. In order to prevent losses

in income due to maladjustment, the Farm Economics Branch has made comparisons of the relative returns that can be expected from different crops. These marketing studies have been concerned mostly with dairy products, fruits, and vegetables.

On the Federal level, the Department of Agriculture publishes similar information on farm products, including those which move from one province to the other. In cooperation with the Marketing Service Division of the Federal Department of Agriculture and provincial authorities, the Dominion Bureau of Statistics publishes various statistics relating to agriculture.

The marketing boards also play a part in helping to solve the problems of adjustment in agriculture. Through these boards, farmers have access to expert opinions which were not previously available to the average farmer.

The fact that group efforts are being made to provide detailed information and outlook services for farmers does not mean, of course, that the problems of agricultural adjustments and cyclical variations in farm incomes have been solved. It does mean, however, that to an increasing extent the farm operators in Ontario have the means to deal with these problems, which are beyond their power as individuals.

Grading and Inspection

During the past ten years, increasing attention has been given by the industry to the proper grading, packaging and marketing of fruit and vegetables in Ontario.

Regulations, under The Farm Products Grades and Sales Act, specify the requirements for produce sold within the Province. These regulations are based on the demands of the growers and the trade to ensure that produce is presented to the consumer in the most acceptable manner and can thus compete favourably with canned or frozen products and other food products, thereby securing a reasonable share of the consumer food dollar.

Fruit and vegetables have been given an increasing amount of preparation or treatment through the years in an effort to reduce perishability. Ontario has taken the lead in establishing standard weights for consumer packages and has done much to aid in proper pricing and elimination of misrepresentation.

The extra steps being taken have added to the cost and constitute an important factor when considering costs of marketing and price spread between the producer and consumer.

In addition to providing regulations covering the grading, packing and marking of produce it is, of course, necessary to provide adequate inspection to ensure that the regulations are uniformly adhered to throughout Ontario. Application of the requirements aids proper pricing and orderly marketing.

Inspection services are administered, under the authority of The Farm Products Grades and Sales Act by the Markets Branch, Ontario Department of Agriculture, with the assistance in some areas of the Dominion Fruit and Vegetable Division, whose inspectors are given the necessary authority under the Ontario Act. Dominion inspectors are mainly concerned with produce moving interprovincially or for export. Retail inspection of farm products, is carried out in the cities of Toronto, Hamilton, London, Ottawa and St. Catharines. This service is being expanded.

The Provincial service operates three closed inspection areas in the main production districts of Essex County, the Niagara Peninsula and Holland Marsh, all of which are controlled by highway inspection stations on the main arteries. In addition a highway station is operated at Gravenhurst to check all fruit and vegetables moving by truck into Northern Ontario.

Provincial inspectors are also located in the other production areas and at wholesale and terminal markets.

A good deal of request certificate inspection is carried out by Dominion and Provincial inspectors, covering truckloads or carloads of produce moving within or outside of the Province.

The Ontario Food Terminal

The provision of adequate food storage and distribution facilities, particularly where there are heavy concentrations of population, obviously has a significant effect on the price spreads of food products.

The construction of the Ontario Food Terminal in Metropolitan Toronto, which was built with the assistance of the Government of Ontario, is a case in point. Until the establishment of this food terminal in 1954 farm produce was received, stored and distributed in a market designed for horse and buggy traffic and for a population which 75 years ago was only a fraction of its present size. Warehouses and marketing facilities were in a poor state of repair and totally inadequate in size. Cold storage was extremely limited and food spoilage was high. Streets were narrow and congested and transportation difficult, tedious and slow.

The Toronto wholesale food market is of concern to growers and consumers in the area from the Head of the Lakes to the Atlantic. It derives its importance not only because of the great tonnage of food that passes through it but because of the fact that the prices established in this market influence domestic prices for a vast area nearly 3,000 miles wide. The Toronto fruit and wholesale produce market is the price barometer of produce from Fort William to Halifax. It should therefore reflect the competitive supply and demand situation and possess efficient facilities that will avert unnecessary handling and other functions which add to the extent of the food marketing margin.

The Terminal, opened July 1, 1954, occupies a 50-acre market area. Its facilities include an 8-acre Farmers' and Truckers' Market for 800 trucks, an 8-acre Railway Yard with a holding and switching capacity of 225 cars, public car and truck parking facilities for 1,000 vehicles.

The Terminal Market Building contains 42 stores for wholesaling fresh fruits and vegetables, 20 stores for special operations such as banana and

tomato ripening and vegetable pre-packaging, and the largest one-floor cold storage plant in Canada. All stores and the cold storage have direct access to covered front and rear docks and to railway sidings.

The cost of constructing the Terminal was advanced by the Ontario Government on a 30-year amortization plan secured by the rents from 30-year warehouse leases with the produce trade, annual leases for office space, stall fee from the Farmers' and Truckers' Market section; revenue from the cold storage plant and from the sale or lease of various concessions. Ultimately, the Government capital advances will be retired.

Since the Ontario Food Terminal came into operation its facilities have been leased to capacity, its bonded indebtedness has been fully serviced and the increased efficiency resulting from spacious and modern facilities has benefited every section of the community through the freshness and variety and speed with which fruits and vegetables, domestic and imported, have been handled through to the retail trade and ultimately to the housewife.

CHAPTER III

AGRICULTURAL RESEARCH AND EDUCATION

A close relationship between research and education is essential to any industry intent on applying to its problems of production the most recently developed techniques and equipment. Recognition of the importance of this is well exemplified by the efforts of the Ontario Department of Agriculture in respect to Ontario's agricultural industry. Through the inter-relationship of the Department's Farm Economics and Statistics Branch, its Extension Branch and the Ontario Agricultural College, Schools and Experimental Farms, it is able, by means of education courses and information services, to transfer to the Ontario farm population the latest results of scientific and economic agricultural research.

The Ontario Agricultural College and the smaller experimental and demonstration farms, which operate under the general control of the Department of Agriculture, are responsible for most of the scientific research. O.A.C., particularly, carries out the basic research done on such subjects as livestock, breeding and nutrition, fundamental chemical studies, crop improvement, soil fertility and erosion and plant disease, insect and weed control. The research function of the experimental and demonstration farms is mainly the application, testing and development of the results of the basic research.

In the field of economic research, a major role is played by the Farm Economics and Statistics Branch of the Department of Agriculture. Its main task is "developmental research" -- i.e., the establishment of standards of operating efficiency with special reference to farm management and accounting, production levels, and price margins. In cooperation with the O.A.C. it provides short courses of instruction in connection with the Department's extension program, and an advisory and information service. The O.A.C. contributes to economic research through studies of various phases of the economics of farming, and carries out statistical and farm accounting studies. The Experimental and Demonstration Farms again serve as the practical testing ground where new methods are applied and developed.

Research without eventual application is pointless. Therefore, in order to ensure the continuing cooperation between research and extension there exists the Agricultural Economics Coordinating Committee. Two senior staff members each of the Farm Economics Branch and of the Agricultural Economics Department of the Ontario Agricultural College meet monthly to co-ordinate research and extension activities. This arrangement obviates the possibility of overlapping activities and gives better planning for the research of both bodies. The degree of cooperation between research and educational facilities is evident also from the extent to which sections of the Extension Branch (whose education function is to be discussed below) call upon O.A.C. and the Farm Economics Branch to carry out research in which they are particularly interested.

The function of education is carried out for the Department of Agriculture chiefly by the Colleges and Schools, the Extension Branch and the Agricultural and Horticultural Societies Branch.

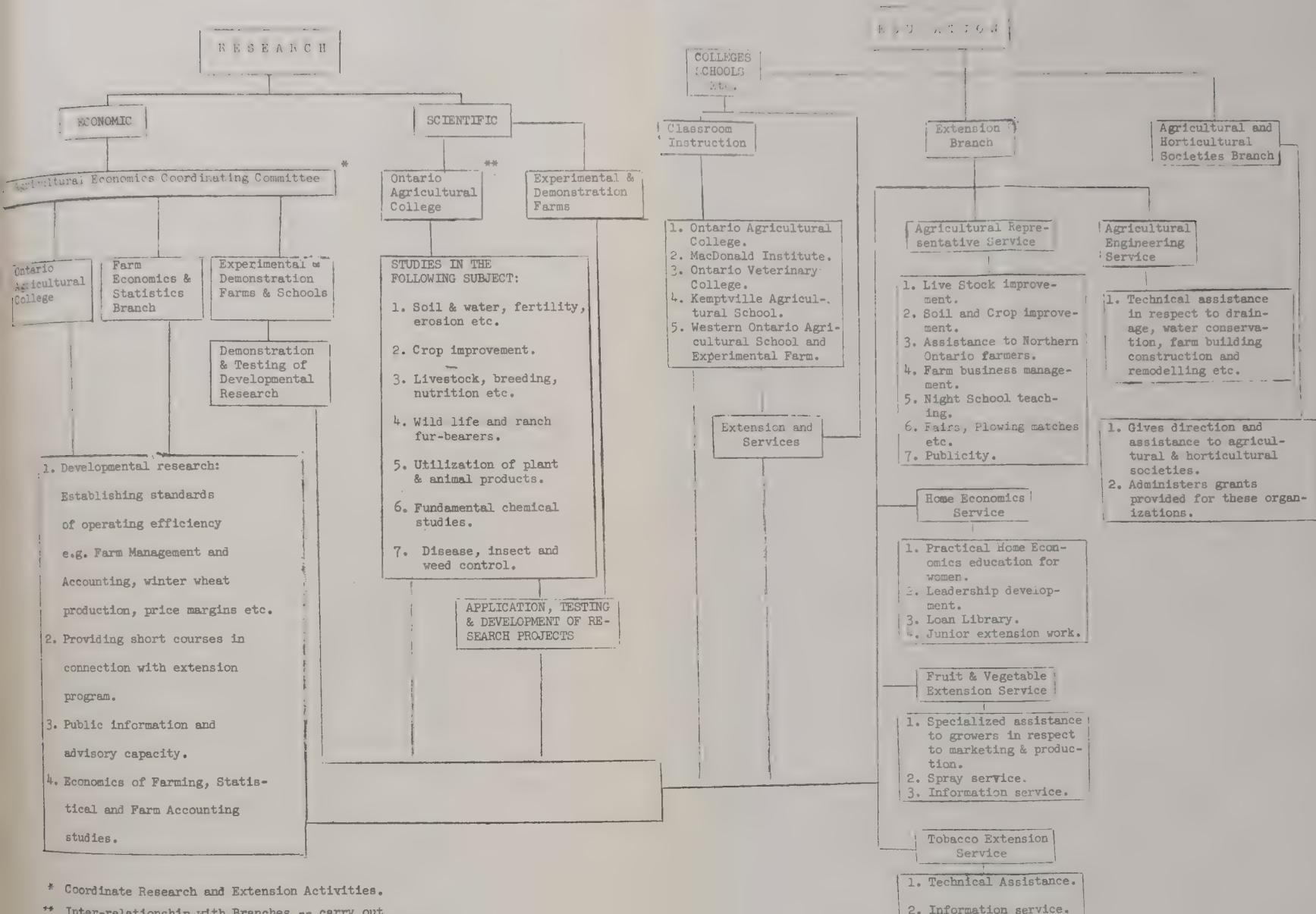
The Ontario Agricultural College, MacDonald Institute, The Ontario Veterinary College, The Kemptville Agricultural School and the Western Ontario Agricultural School and Experimental Farm provide courses of instruction in the agricultural sciences. Their classroom study is combined with practical training in specialized subjects. Perhaps even more important than the regular courses of instruction are the extension activities carried out by these institutions. At O.A.C., for example, members of the College staff in all departments are consulted throughout the year by individuals and organized groups. In addition to this and their regular teaching duties, the staff takes part in public information programs, visits farms to deal with individual problems and prepares bulletins and circulars for the press and other farm journals. Through all of these functions carried on by the Colleges and educational institutions the agricultural population receives the benefit of their most recent research.

The Department of Agriculture has its own Extension Branch which provides more specialized educational services. The Agricultural Representative Service offers information on such subjects as livestock improvement and soil and

crop improvement, gives assistance to Northern Ontario farmers, teaches night school, acts as judges at fairs and ploughing matches, and generally provides publicity for the farming community. In addition, through its fieldmen, the Department of Agriculture's policy on specific items is relayed to the farmer. The Home Economics Service, Fruit and Vegetable Extension Service, Tobacco Extension Service and the Agricultural Engineering Service also perform services of a similar nature in their specialized fields - embracing Junior Extension work, information service and technical assistance. The close relationship of the Extension Branch with the research activities of the Colleges and Schools has already been indicated.

Finally, there are the activities of the Agricultural and Horticultural Societies Branch whose educational function is shown particularly through its direction and assistance to agricultural and horticultural societies. It also administers grants provided for these organizations.

The following diagram shows clearly the way in which, under the general control of the Ontario Department of Agriculture, the research activities of the Schools, Colleges and Farm Economics Branch are related to the agricultural education made available to the Ontario farmer through class-room study, extension courses and the Department's Extension Branch.



* Coordinate Research and Extension Activities.

** Inter-relationship with Branches -- carry out Research Projects of particular interest to Branch.

CHAPTER IV

PROCESSING AND MARKETING FOOD PRODUCTS IN ONTARIO

The importance of the entire processing and marketing function has been accentuated by the trend towards large-scale specialized farm production, the growth of large centres of population, sometimes at considerable distances from the farming areas, the development of refrigeration and modern packaging and the increasing diversity of consumer wants. All these factors have combined to effect a transformation in Ontario's food products industry.

The Food Processing Industry

The food processing industry in Ontario plays a vital role in the Ontario economy. The major part of the agricultural output must undergo changes before it is able to satisfy the demand of the ultimate consumers. Agricultural products constitute the raw material which the processor uses in the manufacture of particular food products. To the raw material must be added capital, in the form of extensive machinery and plant, labour, and managerial skill. After processing, the resultant product is in a form which can be utilized by the consumer.

The food processing industry is dependent upon, and has been augmented by, the extensive and varied agricultural output of the Province. The buying public, having high and expanding levels of personal disposable income and enjoying a high standard of living, can demand a rich variety of processed foods. The population of the Province, approaching 6 million, provides the largest single market for processed food in Canada. Together with the diversity of our farm output, the existence of this large and expanding market has led to a concentration of Canada's food processing in this Province.

Although Ontario has only 34 per cent of Canada's total food processing industries, the gross selling value of its food processing establishments forms, on the average, well over 40 per cent of the

Canadian total. In the case of food and vegetable preparations, Ontario firms account for 67 per cent of the total, and in the case of prepared breakfast foods, over 90 per cent. Various statistics on these products are shown in the following series of tables.

TABLE IX

Number of Establishments in Selected Food Processing Industries
Ontario and Canada

1956

Type of Industry	No. of Establishments Canada	No. of Establishments Ontario	Ontario as % of Canada
Dairy Products	1,468	478	32.5
Fruit and Vegetable Preparations	446	196	43.9
Slaughtering and Meat Packing	154	55	35.7
Bread and Other Bakery Products	2,624	849	32.4
Biscuit	46	13	28.2
Prepared Breakfast Foods	18	7	38.9
Confectionery	275	96	34.9
Miscellaneous	301	110	36.5
Aggregate Food Processing	<u>5,332</u>	<u>1,804</u>	<u>33.8</u>

TABLE X

Gross Selling Value of Selected Food Processing Industries
Ontario and Canada

1956

Type of Industry	Gross Selling Value of Product(1)		Ontario as % of Canada
	Canada	Ontario (\$ thousands)	
Dairy Products	551,783	202,221	36.6
Fruit and Vegetable Preparations	249,884	168,449	67.4
Slaughtering and Meat Packing	844,889	332,271	39.3
Bread and Other Bakery Products	306,805	128,405	41.9
Biscuit	76,610	32,941	43.0
Prepared Breakfast Foods	30,968	28,025	90.5
Confectionery	196,066	68,362	34.9
Miscellaneous	334,668	133,450	40.0
Aggregate Food Processing	<u>2,591,673</u>	<u>1,094,124</u>	<u>42.2</u>

(1) Gross Selling Value of Product is the value of shipments rather than value of production.

Trends in the Processing Industry

As in many other lines of business, the number of establishments engaged in food processing has declined in recent years. The only branch of the industry to show an upward trend is confectionery which indicates a rise from 82 establishments in 1949 to 96 in 1956. In all other divisions of the food processing industry the number of firms has fallen. The average value of business carried on in each establishment has, however, substantially increased.

TABLE XI

Number of Establishments and Gross Selling Value of Product
in Ontario 1949 - 1956

(Eight Industries in the Food and Beverage Processing Group)

<u>Type of Industry</u>	Number of Establishments		G.S.V. of Product	
	<u>1949</u>	<u>1956</u>	<u>1949</u> (\$'000)	<u>1956</u>
Dairy Products	706	478	159,377	202,221
Fruit and Vegetable Preparations	210	196	95,224	168,448
Slaughtering and Meat Packing	67	55	265,291	332,270
Bread and Bakery Products	948	849	88,200	128,404
Biscuit	15	13	21,815	32,941
Prepared Breakfast Foods	8	7	15,974	28,025
Confectionery	82	96	56,913	68,362
Miscellaneous Food Preparations	117	110	53,352	133,449
Aggregate Food Processing	<u>2,153</u>	<u>1,804</u>	<u>756,146</u>	<u>1,094,124</u>

The number of establishments tells us little, if anything, about the actual size of the firms operating in each industry. For example, in the slaughtering and meat-packing industry there are 55 establishments and 52 firms. However, while actual figures are not available, it can be safely assumed that two or three firms account for the greater part of total sales within the industry. Similarly, in the fruit and vegetable preparations industry, there are 196 establishments and only 137 firms, one of which contains 39 plants. Generally speaking, each food processing industry in Ontario is dominated by a few relatively large firms.

Although the general pattern of the 1949-1956 period has been one of absolute decline in both the number of firms and establishments, there are two significant variations which should be noted. Reflecting changing tastes and higher levels of income, there has been an increase in the number of firms in the confectionery industry. The yearly fluctuations of the number of firms in the fruit and vegetable preparations industry demonstrate the keenly competitive nature of this industry in which firms tend to enter and leave the industry, depending on changing market conditions. One is led to suspect that a change in the number of firms over a period of years is accounted for by adjustments in the number of marginal producers which the market will support at any particular time.

The Lack of Profit Information on Food Processors

The severely restricted nature of the financial data which is available makes it impractical to analyze the profit position of any specific segment of the food processing industry. Most of the firms operate on an interprovincial or international basis and the limited material which can be drawn from their published financial statements does not permit an intelligent assessment of their financial operations in this Province. The fact that many food processors also produce non-food products renders the task even more complex. We have made an intensive search for information on the sales, capitalization, profits and other relevant factors of Ontario food processors without obtaining any information upon which a conclusion can be founded. Previous studies which we have made on the financial position of the dairy industry in Ontario have not, in general, presented any evidence that the industry was earning unwarranted profits. On the contrary, such evidence as is available seems to suggest that any further reduction in the return to invested capital in this industry would not be conducive to its healthy, long term growth. In this industry profits depend upon mass selling volume. The small operator finds it difficult to compete with the result

that in recent years the number of dairies and other food processors has declined rapidly.

It is therefore impossible to generalize on the financial operations of food processors. Far more intensive and effective efforts must be made to obtain information on their operations in Canada and in the respective provinces before any reliable assessment can be made as to the level of profits of these firms. It is, of course, in the interest of the consumers and the people at large, as well as the individual firms, that the processing as well as the primary industries should receive a sufficient return to promote efficient operation and the installation of modern machinery and equipment. It would be in the general interest of the processing industries if they all compiled and published adequate statements of their financial operations in Ontario and in the other Canadian provinces. While it is necessary that the consumer and the primary producer should be protected against profiteering, at the same time price and profit margins in the processing and marketing industries must be such as to enable them to attract investment capital and to maintain a strong and healthy position.

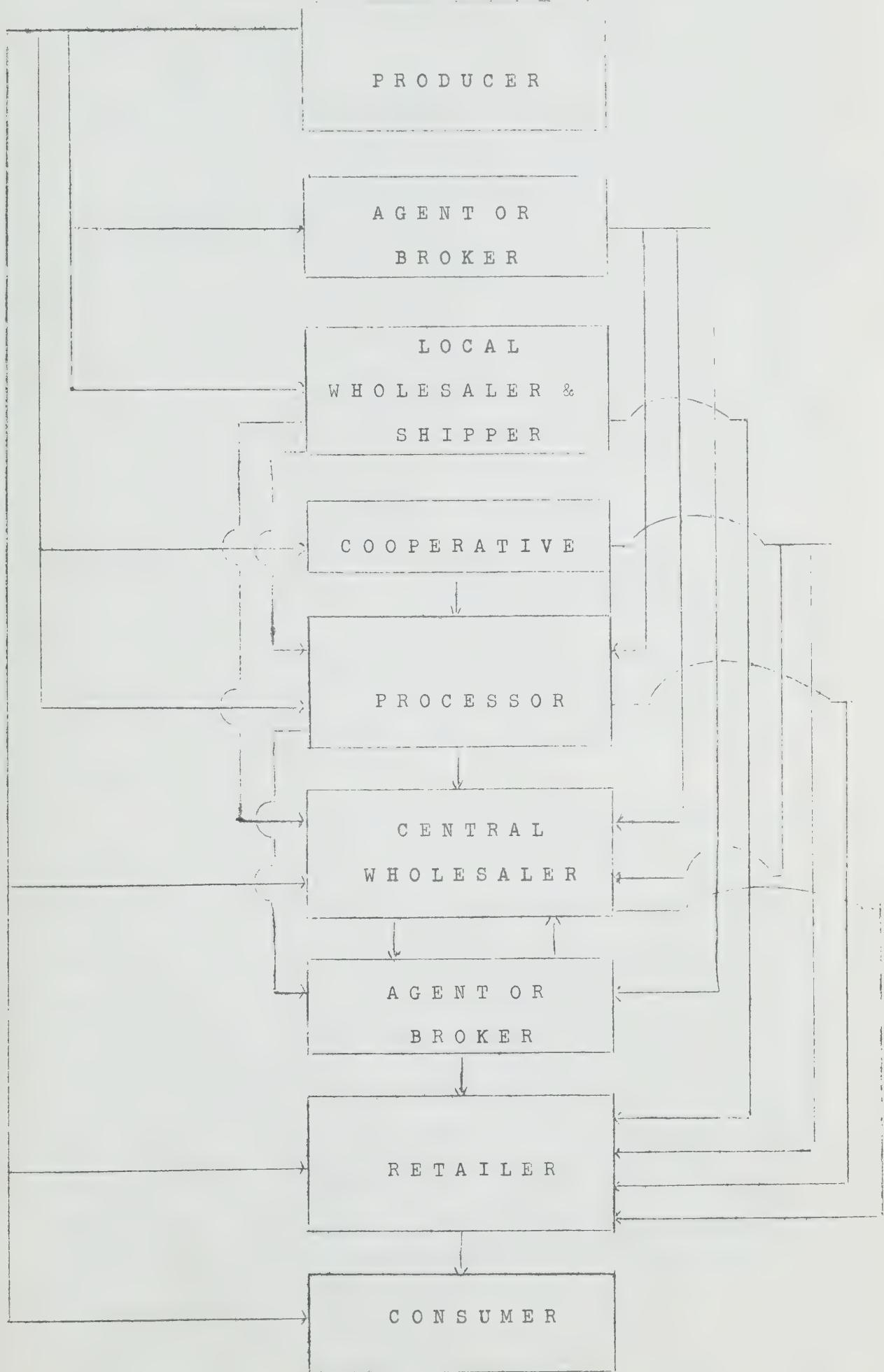
The Marketing Function

The simplest marketing relationship that exists is, of course, the flow of goods from the producer directly to the consumer. The most common example of this type of marketing, which is incidentally becoming increasingly less significant, is the sale of unprocessed farm products to the consumer at the farm. Local market selling of this type also occurs through direct sales at the consumer's home, at roadside markets, and especially in retail public markets or farmers' markets. The farmer may also sell his produce to a wholesaler or to a retailer, who in turn sells to the ultimate consumer.

A variety of middlemen may exist as additional steps between the producer and the retailer. Even farm products which require no

DIAGRAM II

Some Complexities in the Marketing Process



processing may be sold to resident buyers, travelling buyers, wholesalers, retail store shipping agents or to producer-cooperatives.

If processing is required, several additional stages may be involved before the product reaches the ultimate consumer. To give an example: the farmer may slaughter his own livestock and sell directly to a local butcher, but more commonly, especially in large-scale operations, the livestock may be sold either directly or through intermediaries to the meat packer. Sales at public stock yards may be conducted by commission merchants or cooperative associations selling for others or by dealers or farmers selling for themselves. Wholesale cuts of processed meat may be then sold by the packer to the wholesaling agent who in turn sells it to the retailer, or as is more common with large retailing establishments, directly to the retailer. Additional steps are added to the meat marketing process by the existence of meat brokers. These agencies buy surplus supplies of particular varieties of cuts from the packing house in one area and sell them again to other brokers or wholesalers in other areas where there is sufficient demand. This clearing function of the meat broker, a valuable feature, adds to the complexity of the meat marketing pattern.

The simple marketing process of any particular farm product may be conveniently regarded in terms of three general functions: Concentration, referring to the physical bringing together of goods at some central point; Equalization, which is the function performed by the wholesaler of adjusting the flow of commodities towards the points of demand; and Dispersion, the primary function of the retailer. It is not difficult to see that the three functions of concentration, equalization and dispersion are, in fact, performed to a lesser or greater extent at each level of the marketing process. As we shall see later, these divisions have tended in recent years to blend more within one another in consequence of the emergence of the large retail chain stores selling their own brand name products.

Wholesaling in Ontario

Many food products are sold through some sort of wholesaling middleman before they reach the retailer and thence the ultimate consumer. Essentially the role of the wholesaler is to equate supplies of food products to demand in any particular area. In terms of the whole marketing structure his main function is that of concentration and equalization when purchasing food products and dispersion and equalization when selling food products. In addition, the wholesaler is, to a large extent, a speculator who takes a substantial risk in the distribution pattern. He is called upon to help finance the farmer by extending credit, supplying market information, storage and transportation of farm products.

The wholesaling function is complicated by the vast number of the various types of wholesalers, agents, jobbers, cooperatives, etc., engaged in the industry. The existence of these wholesalers complicates the generally accepted simple patterns of distribution between producer and consumer, but they all perform the same general function in the attempt to equalize the supply of any particular product with demand at a specified place.

An examination of census figures available on wholesalers proper⁽¹⁾ shows several trends that have taken place in Ontario for the twenty years between the 1931 and 1951 census. In general the number of wholesale establishments increased from 1930 to 1941 and then, with the exception of the general grocery line, declined. While net sales varied within each kind of business, on the whole dollar sales continued to increase after 1941. Statistics are not available since 1951, but it is probable that the trend towards fewer establishments has continued.

As noted above, the major exception to the general trend in the industry is the expansion of the general line of grocery wholesalers. This group is made up of both large and small wholesalers

(1) See Appendix 3, Table III.

selling a wide variety of goods to retailers throughout the Province. The increase in the number of establishments is a direct result of the changes that have taken place in the retailing industry, especially the growth of the combination store which sells a larger variety of items than most stores have in past years.

Retailing in Ontario

The last function, and indeed the purpose of the whole marketing process, is the sale of goods to the ultimate consumer. Primarily this takes place through the agency of the retail store. The retailer, the last link in the chain of distribution, performs a dispersion function and attempts to equalize supply and demand in the local area.

The changes that have taken place within the retailing sector have had a marked effect on the whole marketing pattern. Census material⁽¹⁾ indicates that, in Ontario, there has been a decline in the number of stores within each type of business while dollar sales have shown an upward trend in general. The two major exceptions to the overall trend have been the increase in both sales and numbers of combination stores and the expansion of specialized retail stores dispensing candy and confectionery. The growth in the latter group is a direct result of higher living standards and changing tastes, as each of these types of business sells non-staples.

The rapid growth of combination stores is a result of the tendency of local corner markets to increase the quantity and variety of their goods in order to improve their competitive position through volume selling. The major development resulting from this has been the growing number of chain supermarkets. In 1941 there were in Ontario 41 chains operating 790 stores but many of them were small and specialized; in 1956 there were only 14 chains operating over 575 stores, but many of these stores were modern supermarkets.

(1) See Appendix 3, Table IV.

TABLE XII

Chain Food Stores and Sales in Ontario
(Grocery & Combination Stores)
1941 and 1951 - 1956

<u>Year</u>	<u>Number of Chains</u>	<u>Number of Stores</u>	<u>Sales</u>
1941	41	790	99,318,600
1951	26	575	338,520,400
1952	23	556	383,639,100
1953	19	526	417,254,200
1954	20	533	469,240,600
1955	16	555	514,839,900
1956	14	575	585,135,400

Source: D.B.S. Retail Chain Stores

The large capital expenditure needed to build the physical plant of the supermarket has made it impossible for small entrepreneurs operating limited chains to compete with the large corporations in this field. Despite a continuing decline in the number of chains, there has been an upswing since 1953 in the number of outlets as the larger chains entered into a stage of large-scale expansion.

The two major developments within the retail industry that have taken place in response to the supermarket have been the development of a cooperative wholesale business which deals under contract to independent store owners and the contract relations between large wholesalers and small chains. An outstanding example of the first type has been the I.G.A. The independent retailers have cooperated in setting up a wholesale agency so that they could enjoy the benefits of large-scale buying.

Obviously the most significant development in the pattern of retail trade has been the growing importance of the large-scale retailing establishment, especially the chain store supermarket. This development has been encouraged by the increased concentration of population, improved communications, improved transportation, higher living standards, mass production and an increased variety of goods. Fundamental to the nature of retailing in the large, self-service, cash-and-carry chain store supermarket are the innovations in packaging, and the promotion of nationally advertised brands.

Why has this development occurred? The main reasons seem to be: first, because of its size the chain store is able to perform the retail function, and now in many cases the wholesale function, more efficiently than its competitors; and secondly, it enjoys a stronger bargaining position than its competitors. It has been estimated in the United States, at least, that chain store prices for groceries are 5 to 6 per cent lower than those of their competitors.

The price differential as compared with smaller retail establishments is partly made possible by a considerable reduction in the extent of the free services performed. Self-service, fewer deliveries and fewer returns and adjustments make for lower costs. The rapid stock turnover effects savings in interest charges, storage space and insurance. Certain economies are gained through the standardization of fixtures, equipment and store arrangement. By integrating the efforts of several members of the chain in any particular area advertising costs may also be reduced. Finally, there is the simple but evident advantage gained by reaching internal and external economies of scale of plant.

Another aspect of the chain stores' retailing advantage, and one which has become increasingly evident, is its buying advantage. Because of its volume selling, the chain store is able to make mass purchases at quantity discounts. It has the ability to command lower prices, and equally important, it has the personnel to buy wisely. Not only is there integrated buying by a single organization for the firm's many retail outlets, but also an increasing tendency on the part of chain stores to avoid wholesalers altogether by dealing directly with farmers or processors. In this respect a significant change in the marketing process has occurred, and if, as seems likely, the development of the chain store continues, the wholesaling function of the chains will become increasingly important.

Changes in Marketing Pattern

Aside from the complexities in the marketing process which have been described above, several significant changes have occurred in the

bargaining positions of the institutions involved. For purposes of analysis, attention is focused on the four major institutions in the producer-to-consumer pattern; the producer, the processor, the wholesaler and the retailer.

The production of agricultural goods has tended to become concentrated in larger and more specialized units. Their bargaining power has been enhanced by the recent developments of cooperatives and farm marketing boards. The concentration of large quantities of farm products at either the farm level or in the cooperative has led to the emergence of direct shipment from the producing level to the retailer. The developments of specialization and cooperatives have given the farmer wider marketing opportunities and have thus tended to improve his bargaining position.

The processing function, while increasing the variety and value of its activities, has tended to become even more centralized within a fewer number of firms in each industry. Generally the bargaining power of the processors has lessened in relation to the institutions with which they deal. Nevertheless, within particular processing industries, the bargaining power of certain firms has been increased.

There has been a tendency to bypass the wholesalers in the marketing of particular farm and processed food products. The extent of this development is revealed by the declining number of specialized wholesaling firms. In contrast to this overall trend is the marked increase in both the number of establishments and net sales of the general grocery line wholesaler. The reason for this has been the rapid expansion of the variety of food products, and other goods, sold in retail food stores. In an attempt to maintain his position in the market, the wholesaler has entered into contracts with the smaller retail chains. Despite these efforts, the emerging importance of the large chain store in its wholesaling aspect has reduced the bargaining position of the wholesaler.

The development of the large corporations operating retail food chains on a provincial, national and even international basis is the fundamental innovation in the food marketing process. By assuming more of the functions of the marketing process, including wholesaling and to a certain extent processing, these firms have achieved a bargaining position unrivalled in the whole marketing process. For example, in respect to canned goods, in contrast to the independent grocer who must deal with a general-line wholesaler, the large retail chain deals directly with the processor. In the case of fresh peaches, it has dealt directly with the peach growers' cooperative. In general it desires to purchase as close as possible to the primary producer with a view to eliminating the middleman spread.

The Royal Commission on Price Spreads in 1934-35 paid particular attention to the position of the processor in the marketing of food products. Recent developments in the marketing process suggest that any inquiry into the matter of price spreads on food products must involve an examination of not only the position of the processor but also of other participants. The bargaining position of the processor has remained strong but the relative growth of the large retail chain and the diminishing role of the independent wholesaler would appear to dictate a shift in emphasis.

PART II

THE PROBLEM OF PRICE SPREADS

In Part I we discussed the major characteristics of farming, processing and the distribution or marketing system.

In Part II we describe some of the price-spread trends in the United States, Canada and Ontario, and discuss these trends in conjunction with the changing consumption pattern and the components of the marketing margin. The price-spread under discussion here is the farm-retail spread, or the difference between the price the farmer receives for his product and the price the consumer pays the retailer.

CHAPTER V

TRENDS IN THE SIZE OF PRICE SPREADS

Price-Spread Trends in the United States

The United States Department of Agriculture reported on the price spreads for 58 farm food products as early as 1936, and at the present time publishes a "market basket" series comprising 60 items for the purpose of analysis of the price-spread problem. This is the most complete information available on the characteristics of price spreads and the factors affecting them. A review of the findings in the United States will enhance our understanding of these matters and assist us in interpreting the material that is available at present in Canada.

In 1940 the farmers in the United States received 40 per cent of the retail price of the food products included in the "market basket", while 60 per cent went to the marketing and processing services. By 1945, the farmer's share had risen to 53 per cent, while the marketing and processing services' share had dropped to 47 per cent. By 1956 the proportions reverted to those of 1940 with the farmer's share again at 40 per cent.

The increase in the farm share of retail price during the war was the result of special circumstances, primarily the greatly increased demand for food products, supplemented by Federal price controls and subsidies. The Federal Government paid subsidies to processors and distributors of some commodities to enable them to pay higher prices to farmers and at the same time keep consumer prices relatively stable.

With the removal of price controls and subsidies in mid-1946, retail prices rose more rapidly than farm prices and the price spread widened. Following the Korean conflict, retail prices declined slowly while farm prices fell more steeply, and the price spread expanded until the farmer's share slipped to the 1940 level of

40 per cent of the retail price of the "market basket".⁽¹⁾

The farmer's share varied, however, among the different products included in the "market basket". During the period 1953 to 1956, the farmer's share averaged about 71 per cent for butter, 69 per cent for eggs, 38 per cent for wheat flour, 15 per cent for white bread and 14 per cent for canned vegetables.⁽²⁾ These different shares deserve a moment's scrutiny, for they illustrate the manner in which the farmer's share may vary with the degree of processing the product requires after it leaves the farm, before it is ready for the consumer.

In general, the size of the farmer's share has depended upon whether the product was derived from animal or crop and was processed or unprocessed. During 1953 - 1956, the average farm shares in these categories were as follows:

<u>Category</u>	<u>Farmer's Share</u>
	%
Animal products, unprocessed	62
Animal products, processed	47
Crops, unprocessed	35
Crops, processed	26

(1) See Tables, p. 39 for the statistics in these series from 1947 to 1956.

(2) Farm-Retail Spreads for Food Products, Miscellaneous Publication #741, United States Department of Agriculture, Agricultural Marketing Service, Marketing Service Division, Nov. 1957, p. 60.

TABLE XIII

The "Market Basket" of Farm Foods: Retail Cost, Farm Value, Farm Retail Spread and Farmer's share of Retail Cost, United States, 1947-1956 (1)

<u>Year</u>	<u>Retail Cost</u> ⁽²⁾	<u>Farm Value</u> ⁽³⁾	<u>Farm-Retail Spread</u> ⁽⁴⁾	<u>Farmer's Share</u>
	\$	\$	\$	%
1947	911	467	444	51
1948	982	497	485	51
1949	928	435	493	47
1950	920	432	488	47
1951	1,024	497	527	49
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40

TABLE XIV

The "Market Basket" of Farm Food Products: Indices of Retail Cost, Farm Value, Farm-Retail Spread, and Farmer's Share of Retail Cost, United States, 1947-1956 (1)

	<u>Retail Cost</u>	<u>Farm Value</u>	<u>Farm-Retail Spread</u>	<u>Farmer's Share</u>
	\$	\$	\$	%
1947	97	100	94	51
1948	104	107	102	51
1949	99	93	104	47
1950	98	93	103	47
1951	109	107	111	49
1952	110	103	116	47
1953	107	96	118	44
1954	105	90	119	43
1955	103	85	121	41
1956	103	84	123	40

(1) Publication No. 741 United States Department of Agriculture, Nov. 1957.

(2) Retail cost in the respective years of the average quantities of farm foods purchased in 1952 (the weight-base year) per urban wage-earner and clerical-worker family calculated from retail prices collected by the Bureau of Labour Statistics.

(3) Payment to farmers for equivalent quantities of farm produce minus imputed value of by-products obtained in processing.

(4) The spread or marketing margin represents the cost of processing and distributing services.

Some Price Spread Trends in Canada

From the standpoint of the farmer's share of the retail price, Canadian experience has been similar to that of the United States. The farmer's share tends to be higher on livestock and other secondary farm products than it does on crops. That is to say, where the farmer's value of input is relatively great, his share is correspondingly large and, conversely, when the value of his input is small, his share is relatively small. By the same token, the more complex the stages of processing, handling and marketing, the greater, in general, is the marketing margin. To give a few examples: the farmer's share of the retail price of eggs and creamery butter, where the value of the farmer's input is relatively large and the processor's relatively small, amounts to about 75 per cent. In the case of livestock, another secondary farm product (but where processing is extensive), the farmer's share of the retail price is about 60 per cent. With fluid milk, chicken and pork, the farmer's proportion is a little over 50 per cent. At the other end of the scale, the farmer's share of the retail price of white bread is only 15 per cent and that of canned tomatoes and peas, about 17 to 20 per cent. White flour, cheese and potatoes are in a middle position with the farm share around 35 to 45 per cent.

Regrettably, the statistics on farm and marketing shares do not appear to be available on a comparable basis prior to 1949. Those that are available since that time suggest that in general the farmer's share of the retail price of food products has declined. The following table shows not only the farmer's share of the retail price of a number of select commodities, but also the downward trend in the farm proportion between 1949 and 1956 in 10 of the 14 selected commodities.

TABLE XV

Farm Share of the Retail Cost as a Percentage of the
Retail Price, 14 Selected Commodities, Canada
1949-1956(1)

Commodity	1949	1950	1951	1952	1953	1954	1955	1956(a)
-----per cent-----								
Creamery Butter	76	75	79	77	77	78	77	77
Eggs, A - large	82	78	80	74	77	73	76	74
Beef, Blue Brand	64	67	71	62	57	58	59	57
Fluid Milk	56	55	54	54	54	53	53	52
Chicken (c)	56	58	58	56	54	55	58	51
Pork (c)	62	61	61	55	56	53	50	51
Potatoes	48	45	49	61	43	45	41(d)	41
Wheat Flour (b)	49	46	42	39	41	35	38	37
Cheese, plain process	35	32	35	27	27	28	27	37
Canned Peaches	26	23	21	22	21	22	21	24
Canned Pears	17	18	19	19	20	20	21.	20
Canned Tomatoes	20	21	18	17	21	22	21	18
Canned Corn	15	15	14	15	18	17	17	17
White Bread(b)	23	21	18	16	17	14	15	14

(a) Preliminary.

(b) Based on domestic prices of wheat, in store Fort William - Port Arthur, less marketing charges from farm to Fort William - Port Arthur.

(c) Method used subject to revision.

(d) Revised.

The foregoing statistics on price spreads were constructed by Mr. Roger Perreault.⁽¹⁾ As we have seen, his model comprises 14 selected food products which represent approximately 75 per cent of Canadian farm production domestically consumed. Mr. Perreault estimated that in 1949 the farmer's share of the retail cost of urban family food purchases was 51 per cent and the marketing and processing share, 49 per cent. By 1956, he estimated that the farmer's share had declined to 45 per cent, while the marketing and processing share had risen to 55 per cent.

(1) Formerly with the Canada Department of Agriculture. Mr. Perreault's work was published as "Notes on Marketing Margins, and Farm Share of Retail Cost, 1949-56", in the Economic Annalist, June, 1957, pp. 70-72.

The concepts "farm share" and "marketing share" should be distinguished from the concepts "farm value" and "marketing margin", which are not expressed as proportions of the retail price, but in dollars and cents.

Wide changes in the price spread of food products have occurred over this period of eight years from 1949 to 1956. While the price spread on canned peaches remained relatively constant and that on canned corn and creamery butter tended to decline, the price spread on white bread, potatoes, pork, beef, canned tomatoes, peas, eggs and fluid milk rose appreciably. In some years, the fluctuations in the spread were very marked; for example, in the case of chickens the marketing margin was 25.7 cents in 1949; 30.0 cents in 1954; 23.1 cents in 1955 and 26.2 cents in 1956. These figures are shown in detail in the following table.

TABLE XVI

Average Annual Marketing Margins, 14 Selected Commodities,
Canada, 1949-1956

<u>Commodity</u>	<u>Unit</u>	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>	<u>1953</u>	<u>1954</u>	<u>1955</u>	<u>1956(a)</u>
-----cents per unit-----									
Potatoes	10 lb.	18.2	18.1	17.8	26.4	22.3	20.5	27.5 ^(d)	29.4
Pork (c)	lb.	21.2	21.5	24.1	24.1	26.9	30.2	27.4	27.5
Chicken (c)	lb.	25.7	23.5	27.8	26.2	29.5	30.0	23.1	26.2
Beef, Blue Brand	lb.	18.4	20.1	21.6	29.0	26.7	24.1	24.4	25.3
Canned Tomatoes-Tinned	28 oz.	16.1	14.1	19.0	23.8	19.2	16.8	20.8	22.3
Cheese, plain processed	$\frac{1}{2}$ lb.	19.0	19.7	21.0	24.8	24.1	23.4	24.0	21.5
Canned Peas - Tinned	20 oz.	14.6	14.2	15.2	16.6	16.9	16.8	16.3	18.0
Canned Peaches	15 oz.	15.4	15.5	17.1	16.9	15.9	15.9	16.7	16.3
Eggs, A - Large	doz.	11.2	12.4	14.1	15.2	15.8	15.1	15.1	16.2
Canned Corn - Tinned	20 oz.	16.2	14.8	15.8	16.7	15.2	14.8	15.8	15.5
Creamery Butter	lb.	15.3	15.1	14.2	15.5	14.8	14.4	14.6	14.5
White Bread (b)	lb.	7.7	8.1	9.4	9.9	10.0	10.7	10.7	11.5
Fluid Milk	qt.	7.9	8.2	9.1	9.8	9.5	9.9	9.9	10.1
Wheat Flour (b)	lb.	3.7	4.0	4.3	4.5	4.5	5.0	4.6	4.9

(a) Preliminary.

(b) Based on domestic price of wheat, in store Fort William - Port Arthur, less marketing charges from farm to Fort William - Port Arthur.

(c) Method used subject to revision.

(d) Revised.

A rise in the farm-retail price spread does not always imply a reduction in farm prices. Nor does a decline in the price spread necessarily involve a rise in farm prices. The size of the price spread depends upon two variables, retail food prices and farm prices, which do not necessarily move in the same direction.

Price Spreads of Food Products in Ontario

In the last two years, the Ontario Department of Agriculture has been engaged in compiling an historical series of prices of selected farm products. Although this systematic collection of price statistics has only recently begun, some interesting and informative patterns are emerging. Among the tentative conclusions that may be drawn are the following:

The farm share of the consumer food dollar varies widely from product to product and is often the smaller proportion of it. Early and late potatoes, for example, returned the farmer, in 1957, approximately 40 per cent of the consumer dollar, marsh potatoes 35 per cent, turnips (rutabagas) 21 per cent, cooking onions 28 per cent, carrots in cellophane containers 38 per cent, celery 35 per cent and many others returned even less.

The farm share of a product varies with the type and size of container in which the product is sold at retail. Potatoes bought from a farmer at 85 cents per 75-pound bag were sold by a chain store in five pound paper bags at 21 cents, 10-pound paper bags at 39 cents and used six-quart baskets at 53 cents, resulting in farm shares of 27.0 per cent, 29.1 per cent and 22.9 per cent respectively. The smaller farm share for the potatoes in the six-quart basket was due, in part, to the more expensive container used.

The farm share for most commodities changes with the season. This is particularly true of seasonal fruits and vegetables and eggs. Invariably, the farm share is relatively high at the beginning of the season, reaches a low point as supplies become abundant and rises towards the end of the season, though generally not to the level of the early season high.

Farm shares, too, often fluctuate spasmodically from week to week, especially in the case of the most perishable products. For instance, the farm share for celery was 47 per cent in one week, 27 per cent the following week and 39 per cent in the next week. Another illustration is that

of carrots as shown in the following table, where the farm share was 41 per cent in one week, 27 per cent in the other and 37 in the next week.

<u>Week of</u>	<u>Average Farm Price per lb.</u>	<u>Average Wholesale Price per lb.</u>	<u>Average Chain Store Retail Price per lb.</u>	<u>Farm Share</u>
Aug. 5	2.9	6.3	7.0	41.4
Aug. 12	2.0	6.1	7.3	27.4
Aug. 19	2.5	6.0	6.7	37.3

It will be noticed that when the farmer's share declined in the second week, it was occasioned by a drop in the farm price and a rise in the retail price. In the third week, the retail price declined but the farm price rose.

Several conclusions may be drawn from this experience:

- (a) The primary producer generally receives a larger share of the consumer's dollar at the beginning and end of the season, when supplies are limited, than at the middle of the season when supplies are abundant and the price low.
- (b) Marketing charges are more inflexible than the price the farmer receives.
- (c) Farm shares are highly volatile and may fluctuate erratically from week to week.
- (d) Any annual calculation of the producers' share of the consumers' dollar must take into account that his yearly share is heavily weighted by his peak sales at the lower farm share during mid-season. Consequently, any annual calculations based on simple averages will show the producers receiving a larger share of the consumers' dollar than is actually the case. Similarly, in the case of commodities "featured" by retailers, with a consequent reduction in the retail margin, any simple average calculation will show the retailer with a larger margin than actually exists.

The accompanying table provides additional examples of the variations in shares during the first week of the respective months from August to December, 1957, for nine Ontario farm food products. For all vegetables, the marketing share (including wholesaler and retailer) exceeded the farm share, while for apples, butter and eggs, the farm share was the larger.

TABLE XVII

Shares , By Trading Level, for Selected Fruits, Vegetables and
Dairy Products, Ontario, August to December, 1957

<u>Commodity</u>	<u>Aug. 5</u> <u>%</u>	<u>Sept. 2</u> <u>%</u>	<u>Oct. 7</u> <u>%</u>	<u>Nov. 4</u> <u>%</u>	<u>Dec. 2</u> <u>%</u>
Potatoes					
A Farm Share	46.7(1)	43.3(2)	43.3	35.5	N. A.
B Wholesale Share	33.3	36.7	36.7	41.9	N. A.
C Retail Share	20.0	20.0	20.0	22.6	N. A.
Potatoes, Marsh					
A	44.6	42.0	33.3	29.4	38.5
B	34.0	36.0	43.2	41.2	42.3
C	21.4	22.0	23.5	29.4	19.2
Rutabagas (Turnips)					
A	N. A.	26.7	25.5	20.0	23.1
B	N. A.	11.6	7.2	16.0	13.4
C	N. A.	61.7	67.3	64.0	63.5
Celery #1					
A	44.4	31.7	28.4	33.0	N. A.
B	10.2	4.8	5.5	20.9	N. A.
C	45.4	63.5	66.1	46.1	N. A.
Carrots, topped #1, small					
A	41.4	40.3	35.5	38.3	39.7
B	48.6	38.7	33.9	46.7	27.2
C	10.0	21.0	30.6	15.0	32.1
Onions, cooking #1					
A	38.2	29.4	26.7	26.7	36.5
B	5.2	8.8	13.3	15.0	6.4
C	56.6	61.8	60.0	58.3	57.1
Apples, Fancy McIntosh					
A	N. A.	70.5	72.6	66.8	70.1
B	N. A.	9.0	17.3	13.7	8.4
C	N. A.	20.5	10.1	19.5	21.5
Butter					
A	75.1	76.4	76.9	77.1	77.3
B	17.3	15.5	13.7	13.3	15.6
C	7.6	8.1	9.4	9.6	7.1
Eggs, Grade A Medium					
A	71.4	72.0	67.7	72.0	69.6
B	7.2	12.0	18.7	14.0	19.5
C	21.4	16.0	14.6	14.0	10.9

(1) Early Potatoes.

(2) Late Potatoes.

SOURCE: Farm Economics and Statistics Branch, Ontario Department of Agriculture.

Factors affecting Marketing Margins

The marketing margin consists of charges for performing functions in assembling, processing and distributing agricultural products. Differences in margins will result from the type of product sold, its bulk and perishability, the degree of assembling, processing and distributing involved, the type of transportation employed, the distance the product has to be shipped, the kind of packaging used, the method of consumer distribution (self-serve or home delivery) adopted and many other factors.

While it is possible to find genuine and logical reasons for many variations in marketing charges, actual studies of margins also show the existence of inconsistent factors like: insufficient organization of buying and selling facilities, unequal bargaining power of buyers and sellers and different marketing procedures and costing and pricing policies.

Many changes are occurring in the process of moving food from producers to consumers, and we can expect margins to change. Enlarged bargaining units at both retail and country points are making it possible to place orders for car or truck lot to be delivered directly to retail outlets. A concentrated position in some lines of production may force shifts in marketing. Consumer demand may also affect the type of commodity delivered, the container in which it is sold, as well as the manner of sale.

Processing and marketing functions, including packaging and advertising have been greatly altered in recent years and may, in some instances, account for the upward trend in marketing margins. There are examples where the cost of the container has absorbed one-third of the retail price and sometimes even more than the farmer receives for his product. On the other hand packaging and advertising may so increase consumer appeal and mass sales as to enhance the net returns to the farmer.

In some cases, the marketing functions and therefore the price spread has been increased by the processor or retailer performing tasks formerly undertaken by the farmer. More and more poultry, for example, is killed and plucked in plants operated by specialized labour and equipped with special machinery rather than on the farms. This shift of tasks from the farm to the marketing process results from awareness that many things can be done better

and cheaper if performed by specialized intermediaries. The rapid growth of urban and suburban consumption has accelerated this trend, for a mass production plant requires mass markets.

The growth of marketing functions is also a result of a transfer to the marketing processes of tasks once performed by the consumer, but which the consumer now requires from the marketing process. The canning of fruit and vegetables, for example, is being performed by large-scale processing plants rather than in the home. This type of transition is an illustration of the application of specialization. Certain other transfers have occurred because householders find it no longer convenient to undertake the work. Modern houses, lacking the old-fashioned cellar, often do not provide adequate storage facilities for bulk food products. For example, rather than purchase 75-pound bags of potatoes, the consumer buys in 5 or 10-pound packages. This trend to purchasing frequently and in smaller quantities has required extra packaging and merchandising in the marketing processes, and means that storage is performed in the marketing processes.

Today, bread is sliced and wrapped, poultry is dressed and carved, and certain commodities are cooked and canned or frozen before being purchased by the consumer. The transfer of these functions to the marketing process is the result of such factors as higher consumer incomes, employment of housewives outside the home, and changes in the size of the family and household conditions - all of which may affect the consumer pattern and the marketing margin.

Milk Marketing and Consumption in Toronto

Over the period 1948-1958, the retail price of standard milk, home-delivered, in the Toronto market has increased from 18 cents per quart to 24 cents, while the price of whole milk at the farm level has advanced from 10.75 cents per quart to 12.92 cents. Thus the marketing share on standard milk -- measured by the spread between the farm price of whole milk and the retail price of standard milk, home-delivered --

has become relatively larger in this period, rising from 40.3 per cent of the average retail price in 1948 to 46.2 per cent of the average retail price in 1958. Conversely, the farmer's share has dropped from 59.7 per cent to 53.8 per cent. These facts are shown in the following table:

TABLE XVIII

Average Annual Farm Prices, Retail Prices, Marketing Margins
and Farm Shares on Standard Milk, Toronto, 1948 - 1958

Year	Farm Price	Retail Home-Delivery Price	Price Spread	Marketing Share	Farm Share
-----cents per quart-----					
1948	10.75	18.00	7.25	40.3	59.7
1949	10.82	18.75	7.93	42.3	57.7
1950	10.87	19.25	8.38	43.5	56.5
1951	11.45	20.71	9.26	44.7	55.3
1952	12.33	22.00	9.67	44.0	56.0
1953	12.26	22.00	9.74	44.3	55.7
1954	11.92	22.00	10.08	45.8	54.2
1955	11.92	22.00	10.08	45.8	54.2
1956	12.00	22.16	10.16	45.8	54.2
1957	12.55	23.25	10.70	46.0	54.0
1958	12.92	24.00	11.08	46.2	53.8
(9 months)					

While the farm share of the retail price of standard milk has declined over the last decade, two distinct developments in the relationship between the farm and retail price of standard milk can be seen. During the six years from 1948 to 1954 the farm share of the retail price of standard milk decreased rapidly, although wide variations in the rate of decrease have occurred. From 1954 to 1958, the relationship between the farm price of whole milk and the retail price of standard milk has been very stable. A change of one cent per quart in the price of whole milk at the farm level has been associated with a change of about two cents per quart in standard milk at the retail level.

Since 1954 producer prices of whole milk in the Toronto milk market have been based on a formula. This formula was recommended by a committee appointed by the Minister of Agriculture, and has been

designed to assist producers and distributors in determining milk prices. The formula provides that whenever there is a change in the price paid to producers it can only be in the amount of 19 cents per 100 pounds of whole milk, which is equivalent to one-half cent per quart. Two such changes in the producer price of whole milk have taken place in the Toronto market since the inception of the formula, and each time the retail price of standard milk, home-delivered, rose by one cent, or twice the increase in producer price.

It should be noted that the retail prices of standard milk under consideration are for one quart containers, sold on home-delivery routes. Retail prices at the stores, and also for milk sold in a two quart container on the routes, are lower than those quoted, and price spreads consequently smaller.

Changing Patterns in Fluid Milk Marketing

The changing pattern in fluid milk marketing in Toronto is an example of enlarged units as well as of changing consumer demand. Fluid milk sales have risen with population, but shifts have occurred in the manner of sale, type of milk sold and containers used.

In January, 1952, the store price became two cents less than the home-delivered price in Toronto and since that time wholesale sales (store plus institutional sales) of standard fluid milk have increased from 32.8 per cent of total sales to 40.1 per cent in 1956.

Early in 1957, three quart jugs appeared in Toronto and for a time sales increased rapidly, mainly at the expense of the sale of one-quart bottles. In January, 1958, sales of three-quart jugs began to decrease as a result of the introduction of two-quart paper cartons. Sales of two-quart glass bottles, which appeared in 1957 on home-delivery routes, in order to compete with the three-quart jugs sold at the stores, increased continuously after their introduction, and accounted for 6.8 per cent of all sales of standard milk in the second quarter of 1958.

Sales have shifted from the high butter fat special milk to the partly skimmed milk or two per cent Jersey milk. The sale of two per cent milk has more than tripled since 1952 while sales of special milk have been cut almost in half. Skim milk sales increased very rapidly up to 1954 and since then have grown moderately. However, at present whole milk sales are still about ten times the volume of skim milk sales in the Toronto market. Total fluid milk sales have tended to rise with the growth in population, but, as they have not kept pace fully with our population increase over the last decade, sales have declined steadily on a per capita basis.

The Peach Marketing Board

The existence of a marketing board for peaches has increased the bargaining power of growers by enlarging the bargaining unit at the producer level. However, there have been many changes even in the short five-year period in which the Marketing Board has operated. Prior to the establishment of the Peach Board, the growers' price tended to be a residual. The Peach Board established minimum prices at the grower level, and these were periodically changed during the season. Prices through the marketing chain were built upon this grower price.

In 1957 the Board played an increasing part in the marketing of peaches by assuming some of the shipper's function. Toronto chains (including I.G.A.) purchased directly through the Board 39 per cent of all peaches shipped to Toronto and these direct purchases represented 10 per cent of the Ontario crop.

The producer's share of the retail price varied from a low of 38 to a high of 45 per cent during the season and was 40 per cent on a weighted yearly average basis. As would be expected, the growers' net share was higher at the beginning and end of the season when prices (1) were higher and marketings lower. The chain store margin also fluctuated from 21 per cent at the beginning of the season to 10 per cent at peak marketings. Fixed costs, such as transportation, marketing board deductions and container cost made up a larger share of the consumer's dollar in mid-season when the price was low.

(1) See appendix 5, graphs 6 and 7.

The Margins for Beef at Toronto

In a study recently completed by Professor R. G. Marshall⁽¹⁾ of the Ontario Agricultural College, Department of Agricultural Economics, it was found that for every change of one cent per pound in the farm price for good steers, the average price to the consumer changes approximately 3.8 cents.

Over the ten-year period studied, the relationship between the farm price and the wholesale carcass price has remained unchanged. A change of one cent per pound in the farm price has brought a change of 1.59 cents per pound in the wholesale carcass price.

On the other hand, retail prices for the five major cuts of beef have been increasing from one to just over two cents per pound per year, independent of any change in farm or wholesale prices. At the end of the ten-year period, retail prices had increased by from 10 to over 20 cents per pound, depending on the cut, with the increases for all five cuts averaging approximately 19 cents. Thus, the margin between the wholesale carcass price and the retail prices for the five cuts has been rising on the average approximately 1.9 cents per pound per year.

The range of the increases among the various cuts of beef - from one cent per pound per year for blade roast, to approximately $1\frac{1}{2}$ cents for stewing beef and over two cents for the higher cuts (sirloin steak, round steak and rib roast), appears to indicate a changing price structure for the various cuts, with the differential in retail prices widening between the higher and lower cuts in recent years. Although to establish this trend conclusively would require further study, it appears to be supported by studies of meat expenditures and consumption.

According to Drummond and Mackenzie, per capita volume (in pounds) of consumption of meat, poultry and fish products increased by 19 per cent from 1935-39 to 1951-55. Professor D. W. Slater⁽²⁾ states that

(1) Some observations on Producer - Wholesale, Retail Prices for Beef and Beef Products, Toronto 1948 - 1957.

(2) Consumption Expenditures in Canada, Slater, D. S., published for the Royal Commission on Canada's Economic Prospects, 1957, p. 82.

per capita expenditures on these products* increased by more than 400 per cent between 1937-38 and 1953, and that if there had been no shift to more expensive forms of meat the relative volume and expenditure increases would have indicated a price rise of 320 per cent. Accepting this argument, one may extend it to state that rising relative demand for more expensive meats would tend to establish a growing price differential between the higher and lower cuts of beef.

The main point is, however, that there has been a widening spread between the farm and the retail price of beef and that the immediate source of the trend is the tendency for the retail margin over the wholesale price to increase.

It is important to emphasize this point. In the case of beef as in the case of Ontario vegetables, the role of processing in the widening of the price spread must be regarded as secondary to the role of retail services.

CHAPTER VI

CONSUMPTION TRENDS AND PATTERNS AND THE MARKETING MARGIN

As has been pointed out in previous chapters, the price spread or marketing margin on food products has, in recent years, been expanding in both Canada and the United States.

The farm and food products industries have been influenced not only by the trend towards urbanization and higher living standards which have increased the annual per capita consumption of food in Canada by 7 $\frac{1}{2}$ % between 1935-39 and 1951-55⁽¹⁾ but by the very rapid growth in our population. Coupled with this increase in consumption there has been a shift in the consumption patterns for food products. Although the per capita consumption of food products as a whole has been rising, the per capita consumption of cereals and potatoes has been declining.

The most significant increases in per capita consumption occurred for meat, poultry and eggs. The red meats, beef and pork, constitute between 85 per cent and 90 per cent of the meat consumed in Canada, and the increase in per capita consumption of these products is expected to continue, particularly after 1965. Cheese consumption has increased, markedly in recent years, as the introduction of packaged and processed cheddar has changed consumer attitudes towards cheese. Fresh and processed (canned or frozen) vegetables are also attracting increasing consumer attention.

It has been pointed out that the trends suggest in 1965 consumers will be demanding about two-thirds to three-quarters of the potatoes and cereals they consumed per capita in the 1935-39 period and that in 1980 they will want half the 1935-39 amount. By 1965, they will purchase about 25 per cent more meat, eggs and poultry per capita than was consumed in the 1935-39 period. By 1980 consumption of these commodities will have risen to about 150 per cent of the 1935-39 level.

(1) Progress and Prospects of Canadian Agriculture, Drummond, W. M., and Mackenzie, Wm., Ottawa, 1957, pp/32, 34, 35. Published by the Royal Commission on Canada's Economic Prospects.

TABLE XIX

Trends and Estimates of Per Capita Consumption

	1935-39		1951-55		1965		1980	
	Average		Average		Projection		Projection	
	lbs. Per Capita	lbs. Per Capita	% of 1935-39	lbs. Per Capita	% of 1935-39	lbs. Per Capita	% of 1935-39	
Cereals	202	166	82	152	75	128	63	
Potatoes	200	145	72	130	65	110	55	
Other Starches	106	108	102	108	102	105	99	
Fruits	113	169	149	177	156	223	197	
Vegetables	127	136	107	138	108	145	114	
Oils and Fats	16	29	179	32	198	35	216	
Dairy Products	449	448	100	438	98	418	93	
Red Meats	117	140	119	147	125	169	144	
Poultry Meat	21	28	130	29	133	33	154	
Eggs	31	35	114	38	124	45	147	

Note: Consumption figures are in retail weight except for fruits and vegetables given in fresh equivalent and meats expressed as dressed carcass weight.

Source: Progress and Prospects for Canadian Agriculture, Drummond, W.M., and Mackenzie, Wm., published for the Royal Commission on Canada's Economic Prospects, 1957, Chap. 2.

Another characteristic of the changes in consumption patterns is that the food products for which per capita consumption has been rising tend to have lower marketing shares (or higher farm shares) than those for which per capita consumption is stable or declining.

It cannot, of course, be inferred that the consumers are shifting towards some food products because these tend to have smaller marketing shares and therefore larger farm shares. The relationship is a coincidence rather than one of cause and effect.

TABLE XX

Comparison of Changes in Marketing Share with Changes
in Per Capita Consumption, 14 Selected Commodities,
Canada 1949-1955

<u>Commodity</u>	<u>Unit</u>	<u>Marketing Share</u>		<u>Domestic Disappearance</u>	
		<u>1949</u>	<u>1955</u>	<u>Per Capita</u>	<u>% Change 1949-1955</u>
Canned corn, tinned	20 oz.	85	83		- 5.5
Canned peas, tinned	20 oz.	83	79		+ 13.9
Canned tomatoes, tinned	28 oz.	80	79		- 11.1
Canned peaches, tinned	15 oz.	74	79		+ 11.1
Cheese, plain process	$\frac{1}{2}$ lb.pkg.	65	73		+ 11.3
Wheat flour(s)	lb.	51	62		- 0.9
Potatoes	10 lb.	52	59		- 1.4
Pork (b)	lb.	38	50		+ 4.7
Fluid milk	quart	44	47		*
Chicken (b)	lb.	44	42		+ 40.1
Beef, blue brand	lb.	36	41		+ 26.1
Eggs, A large	doz.	18	24		+ 23.3
Creamery butter	lb.	24	23		- 1.5

* Change is not significant.

(a) Based on the domestic price of wheat, in store Fort William-Port Arthur, less marketing charges from farm to Fort William-Port Arthur.

(b) Method used in calculating marketing share is subject to revision.

Source: Marketing share statistics obtained from farm share statistics calculated by Mr. Roger Perreault, Ibid. p.71, table 2. Domestic disappearance statistics are calculated from data in the Handbook of Agricultural Statistics, Part IV, Food Consumption in Canada, 1926-55, Reference Paper No. 25, D.B.S. and Department of Agriculture.

Not all the trends are towards food products with relatively small marketing shares. Of course, as we have seen, the marketing shares on Ontario fresh vegetables appear to range between 60 and 80 per cent of the retail price. Furthermore, insofar as the shift towards fruits and vegetables is directed to canned products, it is one towards very high marketing shares. Nevertheless, the essential shift has been towards poultry, red meats and eggs and these have small marketing shares.

If the estimates made by Drummond and Mackenzie are approximately correct - and they consider that the general trends will hold "no matter what the magnitude of error of these estimates is ..." - the fact that the emphasis will be on products that tend to have relatively low marketing shares - or higher farm shares - means that the average of farm shares may tend to rise in the future, particularly in view of the declining importance of cereals and potatoes in the weights.

The possibility of a higher average farm share depends partly upon whether farmers tend to overproduce livestock and livestock products in relation to demand during the next few years, partly upon both the efficiency of the marketing processes and the degree of demand in the non-farm economy for the factors involved in the marketing processes, and partly upon whether personal incomes rise sufficiently to absorb any rise in the costs in the marketing processes.

Even if the average of farm shares does rise, however, this will not raise farm income if farm production costs are permitted to rise proportionately. Given the demand requirements estimated by Drummond and Mackenzie, the possibilities in terms of farm incomes depend not only upon conditions in the non-farm economy but also upon how well the farmers match supply with demand and upon how strenuously they strive to increase the efficiency of their operations.

CHAPTER VII

CONCLUSION

In this submission we have endeavoured to outline the changing structure of Ontario's agricultural industry and of the various arrangements which underlie the processing and marketing of food products in this Province. We have also described the functions of the research and educational institutions, inspection and grading agencies and the other instruments through which the Government sponsors and supports measures intended to assist the farmer and provide for the more orderly marketing and stable pricing of his products.

In recent years especially, Ontario farms have developed from a state of relative self-sufficiency to the point where their operations are now quite specialized. This trend has been accelerated by the rapid increase in population, mainly in urban areas. While our farm population has been diminishing, the output of the farm has been increasing and is to-day appreciably greater than it was 20 years ago. This seeming paradox of a rising agricultural output with a declining farm labour force has been made possible by a combination of factors, including the greatly increased mechanization and electrification of farming operations and other scientific advances. Conditions in agriculture have improved immeasurably and many of the material amenities of urban life are now available on the farm, but the agricultural industry has not always shared in the expanding prosperity of the economy. One of our objectives must be to ensure that the agricultural industry is kept strong and that it offers a rewarding career to those who devote themselves to it.

In general, the farmer is by nature an independent, self-reliant person who believes in the efficacy of his own efforts. While his products are often sold under conditions of keen competition he buys his equipment and supplies in a market in which production and prices are more effectively regulated. The farmer is a victim of numerous vicissitudes arising from drought and disease, as well as uncertainties of his market. When prices decline, he is often prone to expand production which further aggravates

disequilibrium in the market. It is highly desirable that there should be keen competition in all branches of industry, for competition best assures progress and the rise in living standards. But if industry is to remain strong and capable of meeting requirements it must be able to attract new recruits at both managerial and labour levels and to provide a fair return on the capital invested in it. No industry can serve either itself or the people well which does not share in the general prosperity of the Province and the Nation. Reasonable stability in the short run and expansion of production in the long term must be our twin policy goals.

The Government of Ontario has sought to aid and strengthen the agricultural industry by the encouragement of scientific research, the provision of educational facilities, (including the appointment of departmental farm representatives), the development of marketing boards and cooperative arrangements, including the Ontario Milk Board, the establishment of inspection stations designed to improve the quality and standards of farm products, the adoption of a system of loans to young farmers to enable them to obtain farms of their own and the provision of assistance to facilitate the extension of electric power lines to rural dwellings and farm establishments.

Through its various agricultural colleges and experimental stations and other educational research organizations, the Province is providing a sound foundation for the long term development of the farming industry. The Government has also strongly supported the establishment and operation of marketing schemes in which the producers themselves have united to sell their products under cooperative arrangements which they determine. Inevitably, not everyone agrees on the manner in which such marketing agencies should be operated but they have the broad support of the farming population and undoubtedly can make a significant contribution to price stability and to the orderly marketing of a number of farm products.

In the last decade-and-a-half, the Ontario Government has paid nearly \$100 million in subsidies for the construction of electric power lines and equipment to bring the benefits of electricity to the people in rural areas.

In many other ways the Government directly and indirectly seeks to enhance the economic wellbeing of the farmer. The construction of a network of modern highways, serving all parts of Ontario, has made it possible for the producer to direct his output to the most favourable markets quickly and easily. Indeed, the primary objective of the Province's services is to create the type of economic climate or environment which will be conducive to expansion and the even development of all sectors of the economy.

Obviously, the sound development of the agricultural industry is of great importance to Ontario and indeed to the whole of Canada. A full understanding of the structure of the industry, of the constitution of the various interests with which it deals, together with all other relevant factors, is necessary to the satisfactory formulation of measures designed to promote its healthy, long term growth.

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APPENDIX I

P. C. 1957-1632

Certified to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 10th December, 1957.

The Committee of the Privy Council, on the recommendation of the Right Honourable John George Diefenbaker, the Prime Minister, advise that:

Dr. Andrew Stewart, Edmonton, Alberta
Mrs. Dorothy Walton, Toronto, Ontario
Mr. Howard MacKichan, Halifax, Nova Scotia
Mr. Romeo Martin, Montreal, Quebec
Dr. W. M. Drummond, Guelph, Ontario
Mr. Cleve Kidd, Toronto, Ontario, and
Mr. Bernard Couvrette, Montreal, Quebec

be appointed Commissioners under Part I of the Inquiries Act, to:

- (a) inquire into the extent and the causes of the spread between the prices received by producers of food products at agricultural and fisheries origin and the prices paid by consumer therefor;
- (b) determine whether or not such price spreads in general or in particular cases are fair and reasonable, or are excessive, in relation to the services rendered;
- (c) make such recommendations as they deem appropriate if any such price spreads are found to be excessive; and
- (d) examine the adequacy of price information currently available.

The Committee further advises:

1. That the Commissioners be authorized to exercise all the powers set out in section II of the Inquiries Act;
2. That in the exercise of their powers to employ counsel, experts and assistants under section II of the Inquiries Act, the Commissioners may authorize remuneration to such persons and reimbursement for their expenses within such limits and on such conditions as the Treasury Board may determine from time to time.
3. That the Commissioners adopt such procedure and methods as they may from time to time deem expedient for the proper conduct of the inquiry and sit at such times and at such places in Canada as they may decide from time to time;
4. That the Commissioners be assisted to the fullest extent by government departments and agencies;
5. That the Commissioners report to the Governor in Council;
6. That Dr. Andrew Stewart be Chairman of the Commission.

R. B. Bryce
Clerk of the Privy Council

APPENDIX 2

STATISTICS ON FARM OPERATING COSTS AND FARM INCOME IN ONTARIO

TABLE I

FARM OPERATING EXPENSES AND DEPRECIATION CHARGES - ONTARIO
 (BY 5 YEAR INTERVALS, 1926-1956 AND 1957)

	<u>1926</u>	<u>1931</u>	<u>1936</u>	<u>1941</u>	<u>1946</u>	<u>1951</u>	<u>1956</u>	<u>1957</u>
Taxes	15,004	16,800	13,932	12,830	13,902	26,429	39,613	41,576
Gross Rent	7,399	5,336	6,428	7,778	8,439	11,479	12,193	12,153
Hired Labour	30,323	24,832	23,409	27,554	41,340	64,377	73,480	78,480
Interest on Indebtedness	14,995	16,853	14,855	9,402	7,818	8,768	12,090	12,749
Feed and Seed	30,554	18,426	22,246	33,932	94,359	124,725	148,637	138,445
Tractor	2,863	3,294	2,864	6,341	11,397	29,624	39,638	40,195
Truck	2,054	2,819	2,357	3,173	4,921	15,360	19,848	21,400
Automobile	9,374	10,433	9,361	14,763	10,681	18,573	21,865	22,398
Engine and Combine	955	720	544	570	547	682	886	945
Machinery Repairs	2,920	2,666	3,104	3,997	6,968	11,742	12,052	12,300
Fertilizer	2,473	3,402	2,779	4,840	8,685	20,089	28,573	28,539
Fruit and Vegetable Supplies	3,283	2,539	2,632	4,676	7,784	10,994	13,325	14,250
Building Repairs	6,611	5,720	4,906	4,466	11,616	23,394	37,627	34,579
Electric Power	-	-	1,045	1,478	3,603	5,875	6,000	6,000
Miscellaneous	9,433	7,347	6,483	11,104	19,903	41,204	54,124	49,665
Depreciation on Machinery and Buildings	30,806	27,583	24,174	23,760	32,189	54,584	69,032	71,041
Total Operating and Depreciation	169,047	148,770	140,074	170,231	282,027	465,627	588,888	584,715

SOURCE: D.B.S. Handbook of Agricultural Statistics, Reference Paper No. 25, Part II.

TABLE II

INCOME OF FARM OPERATORS FROM FARMING OPERATIONS - ONTARIO
(BY 5 YEAR INTERVALS, 1926-1956 AND 1957)

	<u>1926</u>	<u>1931</u>	<u>1936</u>	<u>1941</u>	<u>1946</u>	<u>1951</u>	<u>1956</u>	<u>1957</u>
				(Thousands of Dollars)				
Cash Income from Farm Products	245,868	171,004	176,532	274,503	461,733	800,666	790,496	791,477
Income In Kind	83,658	62,354	56,846	55,518	73,419	94,421	97,002	97,917
Realized Gross Income	329,526	233,358	233,378	330,021	535,152	895,087	877,498	889,394
Operating and Depreciation Charges	169,047	148,770	140,074	170,231	282,027	465,627	588,888	584,715
Realized Net Income	160,479	84,588	93,304	159,790	253,125	429,460	298,610	304,679
Value of Inventory Change	-11,966	-4,054	-9,707	-13,530	+2,581	+1,712	+12,064	+17,278
Total Gross Income	317,560	229,304	223,671	316,491	537,733	896,799	899,562	906,672
Total Net Income	148,513	80,534	83,597	146,260	255,706	431,172	310,674	321,957

- A3 -

SOURCE: D.B.S. Handbook of Agricultural Statistics, Reference Paper No. 25, Part II.

APPENDIX 3

Statistics on Wholesale and Retail Trade,
Canada, Census Years, 1931-1951.

APPENDIX 3 - STATISTICS ON WHOLESALE AND RETAIL TRADE
TABLE III

WHOLESAVERS (PROPER), BY KIND OF BUSINESS IN ONTARIO
(CENSUS YEARS 1931-1951)

Kind of Business	Year	Number of Establishments		Number of Proprietors		Number of Employees		Salaries And Wages		Net Sales	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Dairy and Poultry	1930	26	22	143	50	221,100	4,173,100	4,042,500	4,173,100	108,700	112,900
	1941	21	22	60	32	108,700	4,042,500	6,402,900	4,042,500	112,900	112,900
	1951	11	9	(46) ^{1.}		112,900					
Dairy Products	1930	6	4	25	2	57,500	2,124,000	2,124,000	2,124,000	264,800	7,105,000
	1941	42	47	191	25	264,800	7,105,000	7,105,000	7,105,000	276,300	7,490,800
	1951	26	29	(109) ^{1.}		276,300					
Poultry Products	1930	16	16	18	7	27,000	822,900	822,900	822,900	140,800	4,297,900
	1941	34	42	101	19	140,800	4,297,900	4,297,900	4,297,900	325,500	12,920,700
	1951	28	40	(149) ^{1.}		325,500					
Fish and Sea Foods	1930	23	13	171	13	216,700	3,249,800	3,249,800	3,249,800	249,200	3,588,300
	1941	21	18	147	13	249,200	3,588,300	3,588,300	3,588,300	373,100	5,549,600
	1951	19	20	(131) ^{1.}		373,100					
Fruits and Vegetables	1930	92	106	482	70	748,000	19,411,000	19,411,000	19,411,000	876,200	24,420,600
	1941	167	186	552	70	876,200	24,420,600	24,420,600	24,420,600	(932) ^{1.}	54,945,700
	1951	90	94	(932) ^{1.}		54,945,700					
Fruits	1930	36	49	70	31	113,000	3,854,200	3,854,200	3,854,200	157,600	6,869,100
	1941	57	61	91	9	157,600	6,869,100	6,869,100	6,869,100	303,700	16,950,000
	1951	31	48	(105) ^{1.}		303,700					
Vegetables	1930	8	7	2	8	8,600	747,900	747,900	747,900	57,200	1,829,400
	1941	26	28	54	8	57,200	1,829,400	1,829,400	1,829,400	234,700	4,632,600
	1951	13	12	(48) ^{1.}		234,700					

TABLE III (CONT'D)

Kind of Business	Year	Number of Establishments	Number of Proprietors	Number of Employees			Net Sales
				Male	Female	Salaries And Wages	
Produce	1930	29	22	220	37	459,100	8,442,500
	1941	23	19	51	11	82,300	2,502,200
	1951	-	-	-	-	-	-
Meat and Meat Products	1930	119	104	744	40	1,137,800	28,139,500
	1941	129	136	186	19	233,100	6,833,000
	1951	50	68	(163) ^{1.}		745,200	14,869,300
Groceries (General Line)	1930	97	67	436	1,301	2,351,100	50,331,900
	1941	105	31	2,045	455	3,557,500	80,659,100
	1951	139	43	(3,395) ^{1.}		9,139,500	207,126,000
Coffee, Tea and Spice	1930	19	19	18	67	160,300	4,311,400
	1941	18	15	78	36	196,300	5,967,000
	1951	12	11	(49) ^{1.}		132,800	5,806,500
Canned Foods	1930	-	-	-	-	-	-
	1941	11	7	46	20	116,900	2,947,700
	1951	10	7	(54) ^{1.}		175,400	8,735,300

SOURCE: Census of Canada, 1931, 1941, 1951.

(1) Census figures in 1951 gave a breakdown on the maximum and minimum number of employees in each category. The figure used in this table is the minimum number of employees in each group.

TABLE IV

RETAIL TRADE IN ONTARIO, BY KIND OF BUSINESS
(CENSUS YEARS 1931-1951)

Kind of Business	Year	No. of Stores	Proprietors		Full Time Employees		Wages and Salaries		Net Sales	
					Male		Male			
			Male	Female	Male	Female	Male	Female		
Candy Stores	1930	103	25	11	34	257	194,800	1,757,800		
	1941	123	22	3	19	252	218,800	1,952,800		
	1951	167	44	10			522,100	3,656,900		
Caterers	1930	4								
	1941	26	5	4	35	4	3,300	91,200		
	1951	73	12	15		24	42,100	288,000		
Confectionery	1930	2,002	1,636	438	552	786	969,300	14,004,300		
	1941	2,431	1,487	432	544	800	729,000	15,249,000		
	1951	1,884	1,493	409			1,418,500	35,248,300		
Delicatessen	1930	105	83	26	62	71	99,600	1,363,900		
	1941	99	42	13	55	90	104,200	1,566,300		
	1951	136	127	31			333,000	4,534,200		
Milk Dealers	1930	894	951	29	1,698	73	1,949,200	11,340,000		
	1941	355	206	9	1,423	138	1,711,100	10,542,400		
	1951	47	47	1			347,600	2,417,800		
Dairy Products	1930	68	59	10	98	13	118,900	2,121,100		
	1941	114	63	6	573	71	862,900	4,787,400		
	1951	109	102	7			679,000	4,845,900		
Egg and Poultry	1930	96	96	6	26	4	25,000	711,800		
	1941	94	61	8	40	4	31,400	929,900		
	1951	55	68	4			81,400	2,972,700		

TABLE IV (CONT'D)

Kind of Business	Year	No. of Stores		Proprietors		Full Time Employees		Wages and Salaries		Net Sales
		Male	Female	Male	Female	Male	Female	Male	Female	
Meat Markets	1930	2,262*		2,307	55	3,388	304	3,393,000	51,025,900	
	1941	1,416		758	16	2,091	174	1,938,200	31,327,100	
	1951	967		1,057	19	(1,896)1.		3,438,900	68,920,400	
Fish Markets	1930	148		149	6	134	26	130,900	1,742,000	
	1941	102		46	10	88	21	84,400	1,297,300	
	1951	55		43	7	(86)1.		152,600	2,165,600	
Fruit and Vegetables	1930	876		895	47	449	178	432,000	10,255,000	
	1941	716		472	67	438	165	426,300	11,992,100	
	1951	385		467	43	(505)1.		607,900	16,178,800	
Grocery Stores (Without Fresh Meat)	1930	5,594		4,406	773	3,301	1,702	4,240,200	98,562,300	
	1941	5,714		3,212	775	2,716	1,651	3,202,100	88,611,500	
	1951	4,104		3,598	657	(3,973)1.		4,727,200	148,530,100	
Combination	1930	1,391		1,097	77	2,946	557	3,785,500	55,499,100	
	1941	2,484		1,027	112	5,692	2,094	7,378,200	142,049,400	
	1951	4,765		4,416	439	(18,235)1.		30,176,800	580,100,400	
Food Stores with Non- Food Departments	1930	42		2	30		2	19,000	539,000	
	1941	10		15	11		-	7,500	114,500	
	1951	4		4		(6)		12,900	151,900	
Other Food	1930	-		-				-	-	
	1941	15		13	2	(8)1.		2,000	45,500	
	1951	9		7	3			17,400	222,000	

*Meat Markets and Meat Markets with Groceries.

TABLE IV (CONT'D)

Kind of Business	Year	No. of Stores	Proprietors		Full Time Employees		Wages and Salaries	Net Sales
					Male	Female		
			Male	Female				
Coffee, Tea and Spice	1930	75	70	5	186	48	302,800	1,729,500
	1941	27	8	2	22	5	29,200	365,600
	1951	6	4	1	(8)1.		10,400	107,700
Bakeries & Bakery Products	1930	506	390	84	597	360	783,000	5,022,110
	1941	293	113	27	298	386	539,600	3,509,900
	1951	376	234	38	(1,053)1.		1,476,100	10,426,700

SOURCE: Census of Canada, 1931, 1941, 1951.

(1) Census figures in 1951 gave a breakdown on maximum and minimum number of employees in each category.
 The figure used in this table is the minimum number of employees in each group.

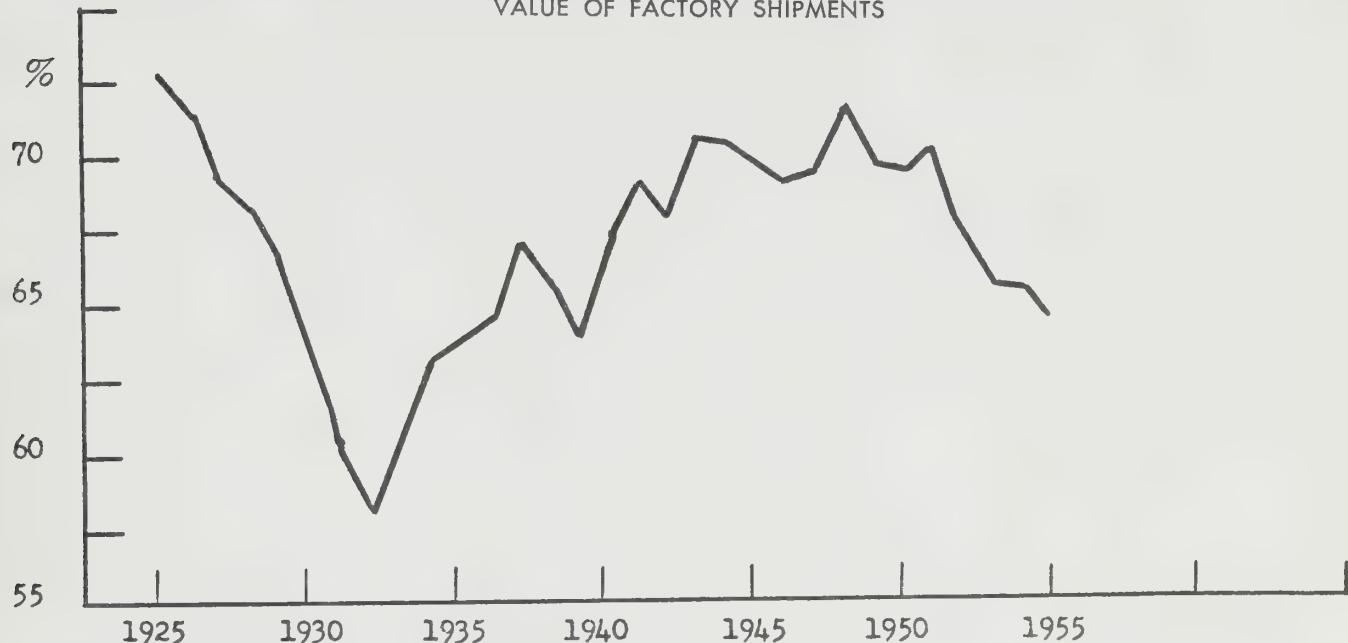
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APPENDIX IV

Statistics Pertaining to Price Spreads for
Foods and Beverages in Ontario and Canada

GRAPH 1

COST AT PLANT OF MATERIALS USED BY FOODS AND BEVERAGES INDUSTRIES AS PERCENTAGE OF SELLING VALUE OF FACTORY SHIPMENTS



Source: Foods and Beverages, General Review, D.B.S.

GRAPH 2

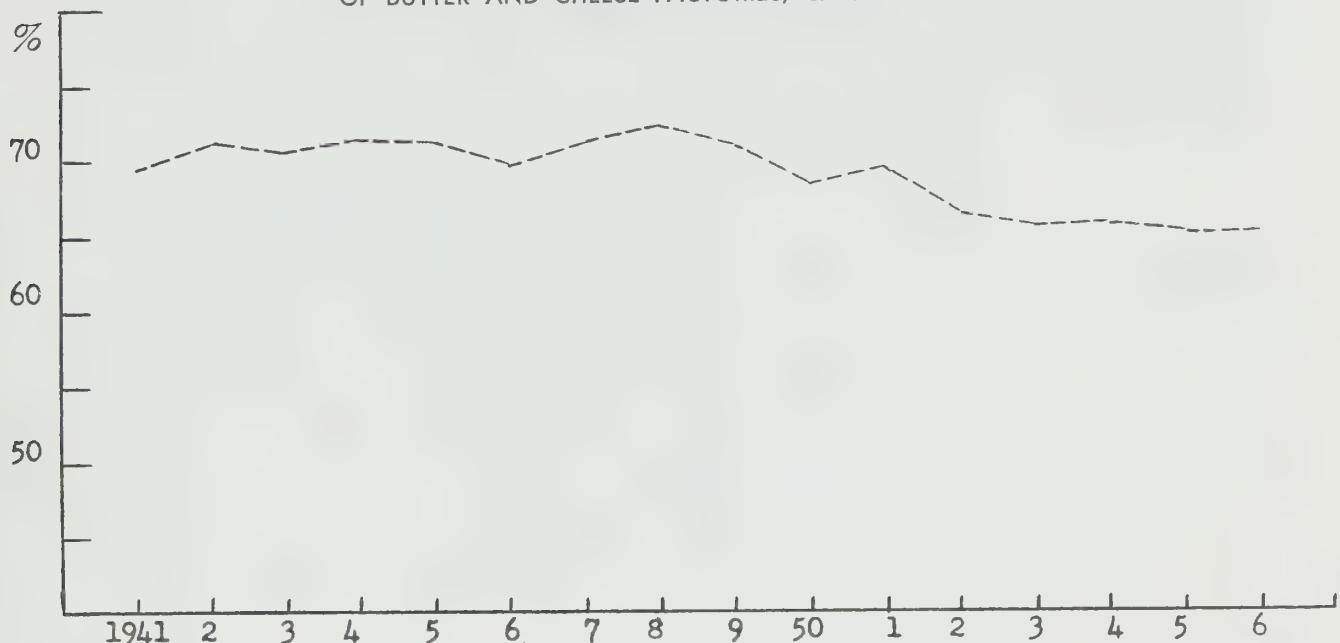
AMOUNT PAID PATRONS BY CREAMERIES, CHEESE FACTORIES, CONCENTRATED MILK PLANTS,
AS PERCENTAGE OF VALUE OF PRODUCTION



Source: Dairy Products Industries, D.B.S.

GRAPH 3

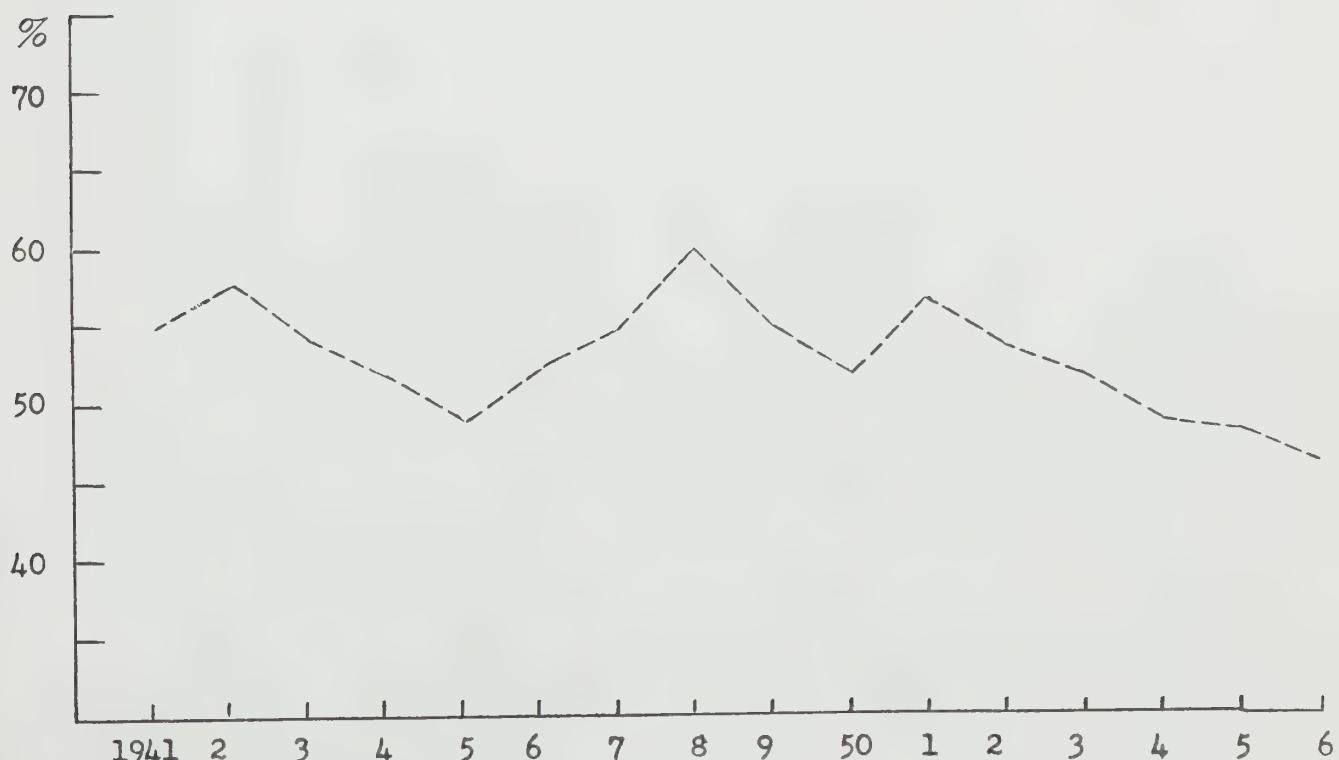
AMOUNT PAID FOR MILK AND CREAM AS PERCENTAGE OF SELLING VALUE OF FACTORY SHIPMENTS
OF BUTTER AND CHEESE FactORIES, CANADA.



Source: Dairy Products Industries, D.B.S.

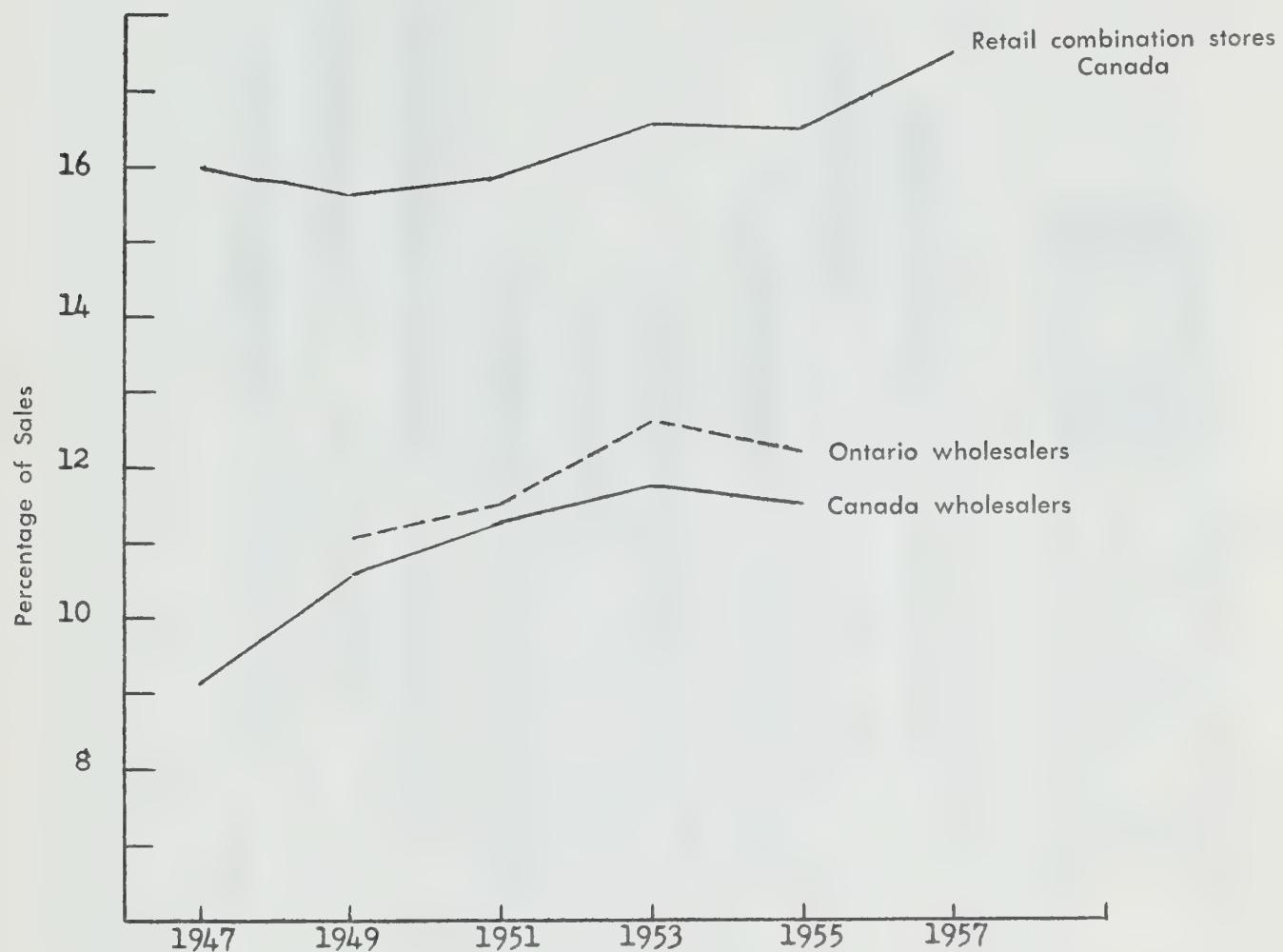
GRAPH 4

AMOUNT PAID FOR MILK AND CREAM AS PERCENTAGE OF SELLING VALUE OF FACTORY SHIPMENTS
OF CONCENTRATED MILK FactORIES, ONTARIO.



Source: Dairy Products Industries, D.B.S.

GRAPH 5
**GROSS MARGIN OF FRUIT AND VEGETABLE WHOLESALERS AND OF RETAIL FOOD CHAINS
 (COMBINATION STORES).**



Sources: Operating Results of Food Wholesalers, D.B.S.
 Operating Results of Chain Food Stores, D.B.S.

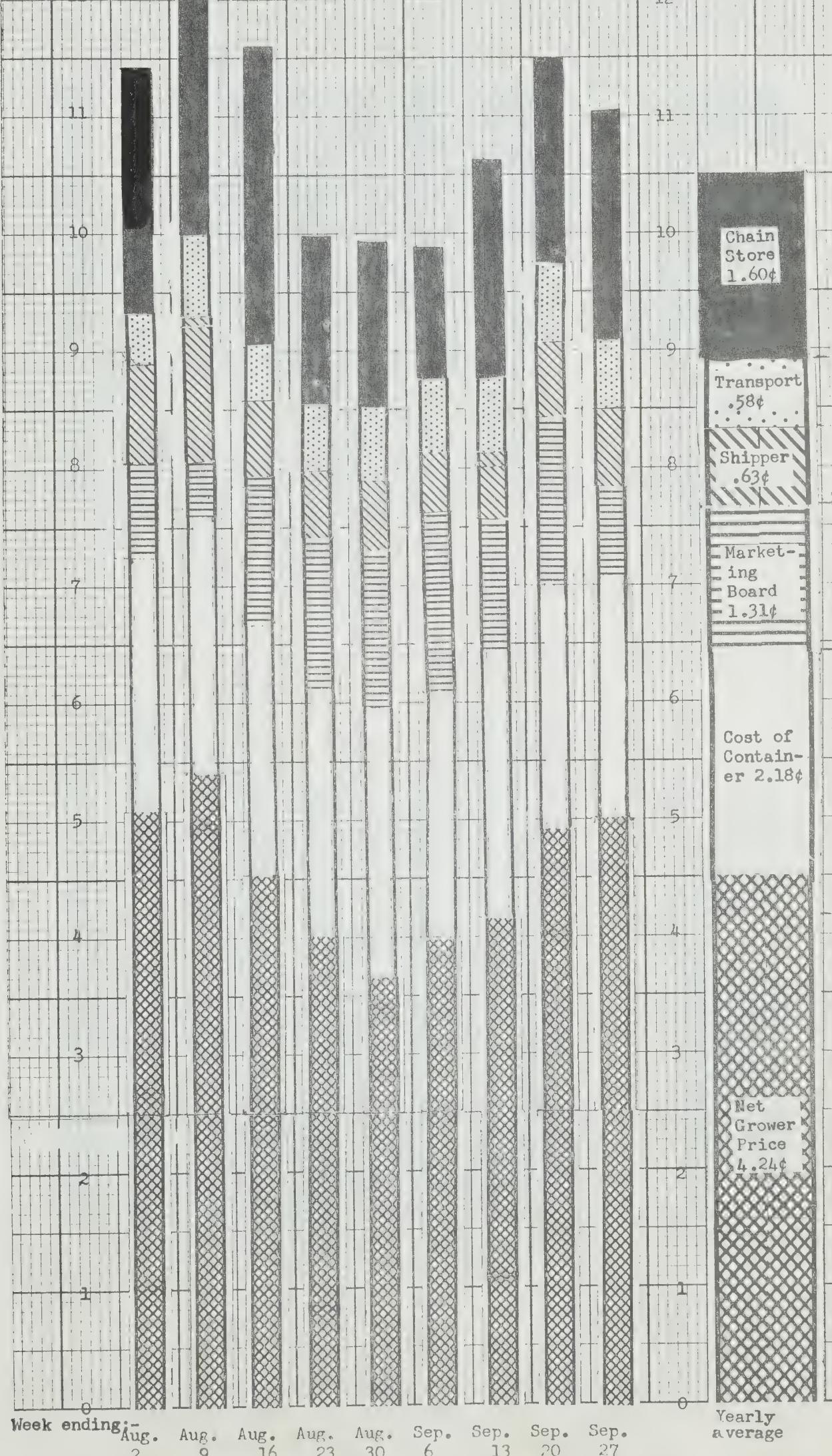
Graph 6

WEEKLY PRICES FOR ONTARIO PEACHES
 Shipped to Toronto Chain Stores

-195-

Cents per
pound
12

Cents per
pound



Graph 7

A + 15

MARKETING COSTS AND GROWER SHARE OF CONSUMER DOLLAR
 Niagara Fresh Peaches sold in Toronto Chain Stores, 1957

Pardon

Per cent

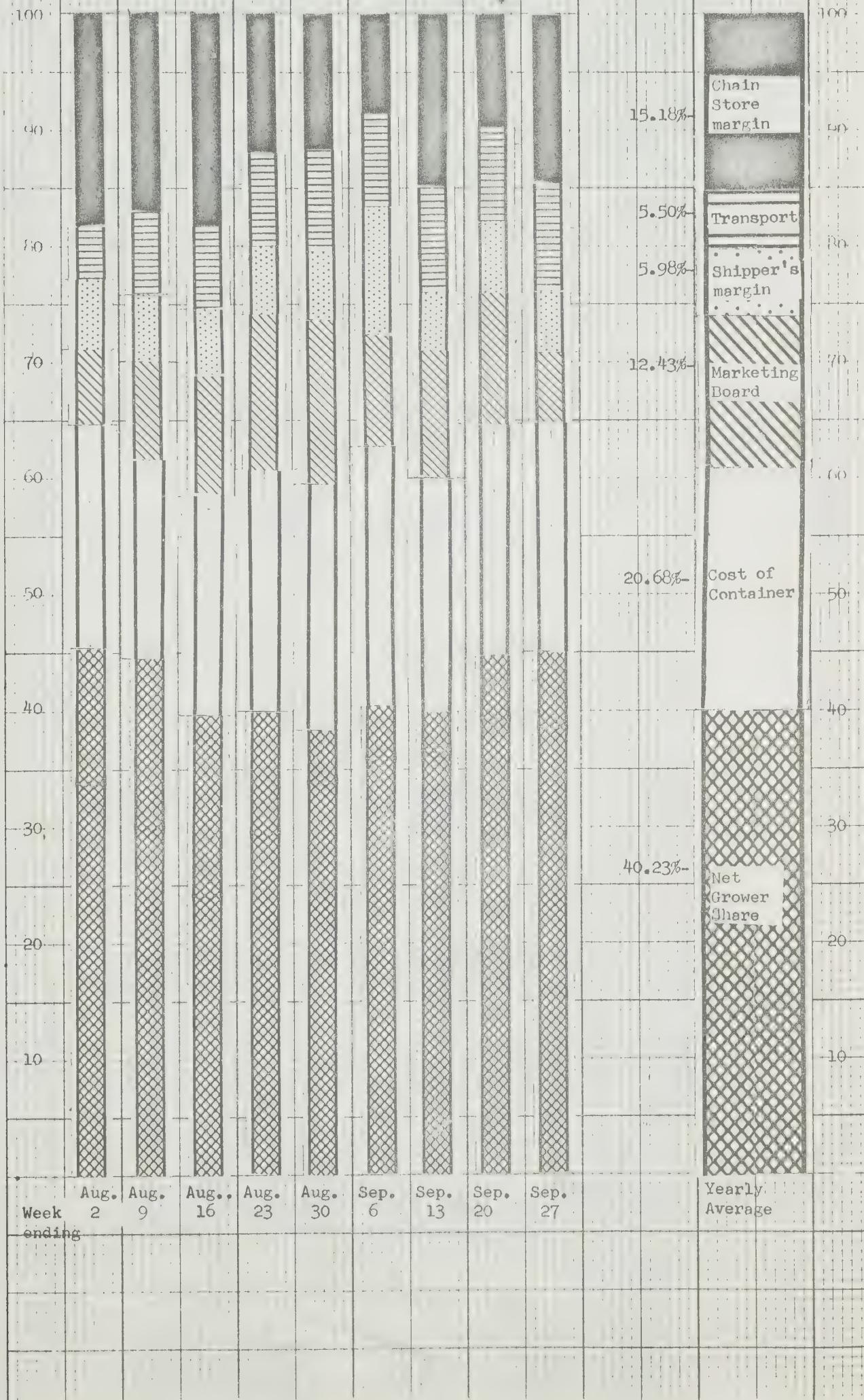


TABLE V

Week Ending	Farm Net Price		Container Cost		Gross Price		Marketing Board Margin		Shipper Margin		Niagara F.O.B. Price		Transport Cost		Retail Margin		Retail Price
	Farm	Net Price	Container	Cost	Farm	Gross Price	Marketing	Board Margin	Shipper	Niagara Margin	F.O.B.	Price	Transport	Cost	Retail	Margin	Chain Stores
- \$ per Pound -																	
Aug. 2	5.17	2.18	.84		7.35		.84		.66		8.85		.53		9.38		2.06
Aug. 9	5.47	2.18	1.02		7.65		1.02		.70		9.37		.63		10.00		2.31
Aug. 16	4.58	2.18	.65		6.76		1.23		8.64		.54		9.18		2.45		11.63
Aug. 23	4.01	2.18	.60		6.19		1.23		8.02		.56		8.58		1.45		10.03
Aug. 30	3.78	2.18	.60		5.96		1.40		7.96		.57		8.53		1.44		9.97
Sept. 6	3.99	2.18	.62		6.17		1.50		8.29		.62		8.91		1.00		9.91
Sept. 13	4.28	2.18	.62		6.46		1.20		8.28		.59		8.87		1.90		10.77
Sept. 20	4.90	2.18	.68		7.08		1.38		9.14		.59		9.73		3.32		11.05
Sept. 27	5.00	2.18	.70		7.18		1.20		8.52		.58		9.10		2.02		11.12
YEARLY AVERAGE	4.24	2.18	.63		6.42		1.31		.63		.58		8.94		1.60		10.54

SHARE OF CONSUMERS' DOLLAR OF THE VARIOUS COMPONENTS

	Per Cent		Per Cent		Per Cent		Per Cent		Per Cent		Per Cent		Per Cent		Per Cent		Per Cent	
	Aug.	Sept.	Aug.	Sept.	Aug.	Sept.	Aug.	Sept.										
Aug. 2	64.24	7.34	64.24	7.38	5.80	4.61	77.38	4.61	5.12	4.61	81.99	18.01	100.00	100.00	100.00	100.00	100.00	100.00
Aug. 9	44.44	8.27	62.15	76.13	5.71	5.12	81.25	5.12	4.64	4.64	78.92	21.08	100.00	100.00	100.00	100.00	100.00	100.00
Aug. 16	39.38	10.74	58.12	55.38	6.00	74.28	5.58	5.58	5.58	85.55	14.45	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Aug. 23	39.98	21.73	61.71	12.26	6.00	79.97	5.99	5.99	5.99	85.55	14.45	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Aug. 30	37.92	21.87	59.79	14.04	6.04	79.82	5.73	5.73	5.73	89.91	10.09	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sept. 6	40.26	22.00	62.26	15.12	6.27	83.65	6.26	6.26	6.26	82.36	17.64	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sept. 13	39.74	20.24	59.98	11.14	5.76	76.88	5.48	5.48	5.48	88.10	11.90	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sept. 20	44.34	19.73	64.07	12.49	6.20	82.76	5.34	5.34	5.34	81.84	18.16	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Sept. 27	44.96	19.61	64.57	6.29	5.76	76.62	5.22	5.22	5.22	84.82	15.18	100.00	100.00	100.00	100.00	100.00	100.00	100.00
YEARLY AVERAGE	40.23	20.68	60.91	12.43	5.98	79.32	5.50	5.50	5.50	84.82	15.18							

Farm Economics and Statistics Branch,
Ontario Dept. Agriculture,
Toronto, Sept. 1958

A - H
Source: Farm Prices, Container Cost,
Marketing Board Charges,
Shipper Margin and Transportation
Charges, obtained from Ontario
Fresh Peach Co-operative, Vineland
Chain Store Prices--several
Toronto Chains

FARM, WHOLESALE AND RETAIL PRICES FOR FRUIT,
VEGETABLE AND DAIRY PRODUCTS, ONTARIO, 1957 - 58

A record of some of the prices collected by the Farm Economics and Statistics Branch, of the Ontario Department of Agriculture; the Retail Price Section of the Dominion Bureau of Statistics; and the Canada Department of Agriculture 1957 and 1958.

These prices are a series of prices and give only approximate margins. Retail prices represent prices in Toronto Chains as collected by D. B. S. and Farm Economics and Statistics Board. Wholesale prices, depending on commodity, represents prices in Toronto or at various country points as reported by Canada Dept. of Agriculture. Farm prices, depending on commodity, represents prices as reported by producers, fruit and vegetable inspectors, co-operatives and other handlers.

TABLE VI

ONTARIO APPLES - FANCY McINTOSH - 1957

	1	2	3	4	5	6	7	8
Date	Farmers Co-ops.	Average Farm Price per 6 qt.	Average Wholesale Price per 6 qt.	Average Chain Store Retail Price per 6 qt.	Wholesale Spread per 6 qt.	Retail Spread per 6 qt.	% of Farmer	% of Retail Prices Received by
		%	%	%	%	%	%	%
<i>Week of ...</i>								
Sep. 2	62.0	62.0	68	88	8.0	18.0	70.5	9.0
9	60.0	60.0	70	78	5.0	13.0	76.9	6.4
16	53.4	53.4	65	69	6.6	9.0	77.4	9.6
23	51.4	51.4	60	72	10.6	10.0	71.4	14.7
30			62					
Oct. 7	50.1	50.1	62	69	11.9	7.0	72.6	17.3
14	52.1	52.1	60	71	7.9	11.0	73.4	11.1
21	50.1	50.1	64	73	13.9	9.0	68.6	19.1
28	51.4	51.4	62	74	10.6	12.0	69.5	14.3
Nov. 4	51.4	51.4	62	77	10.6	15.0	66.8	13.7
11	53.3	53.3	62	77	8.7	15.0	69.2	11.3
18	53.4	53.4	62	79	8.6	17.0	67.6	10.9
25	53.3	53.3	62	79	8.7	17.0	67.5	11.0
Dec. 2	55.4	55.4	62	79	6.6	17.0	70.1	8.4
9	55.4	55.4	62	79	6.6	17.0	70.1	8.4
16	53.3	53.3	62	79	8.7	17.0	67.5	11.0
23	53.3	53.3	62	78	8.7	16.0	68.3	11.2
30	53.3	53.3	62	79	8.7	17.0	67.5	11.0

TABLE VII

STRAWBERRIES - ONTARIO

1958 Season

Date	Average Farm Price	Average Wholesale Price	Average Retail Price of Chain Stores	Wholesale Price	Retail Price	Per Cent of Consumer's Dollar Rec'd by:		
						A Farmer	B Wholesale	C Retail
June 9	30.7	-	-	-	-	-	-	-
10.	27.75	29.60	50.20	3.20	20.60	52.59	6.37	41.04
11	26.40	29.60	50.20	2.25	20.60	54.48	4.48	41.04
12	27.35	27.80	47.00	0.80	19.20	54.45	1.70	40.85
13	27.00	27.80	47.00	2.80	19.20	53.19	5.96	40.85
14	25.00	27.80	45.50	6.85	14.90	52.20	15.05	32.75
16	23.75	30.60	37.50	6.15	8.80	60.13	16.40	23.47
17	22.55	28.70	36.50	4.70	9.30	61.64	12.88	25.48
18	22.50	27.20	37.50	2.25	10.30	66.53	6.00	27.47
19	24.95	27.20	36.50	1.70	9.30	69.86	4.66	25.48
20	25.50	27.20	39.00	3.20	11.80	61.54	8.21	30.25
21	24.00	27.20	36.50	2.70	9.20	67.40	7.40	25.20
23	24.60	27.30	36.50	1.55	9.50	67.97	4.49	27.54
24	23.45	25.00	34.50	2.20	8.70	70.14	6.03	23.83
25	25.60	27.80	36.50	0.85	6.40	79.86	2.36	17.78
26	28.75	29.60	36.00	4.75	7.10	70.00	12.03	17.97
27	27.65	32.40	39.50	4.90	7.10	68.43	12.89	18.68
28	26.00	30.90	38.00	0.25	10.20	72.50	0.66	26.84
29	27.55	27.80	38.00	0.80	11.20	69.23	2.05	28.72
30	27.00	27.80	39.00	0.80	11.20	69.23	2.05	28.72
July 3	27.00	34.30	40.50	6.20	6.20	69.38	15.31	15.31
4	28.10	31.50	40.50	5.60	6.20	70.86	13.83	15.31
5	28.7	31.50	40.50	4.60	7.50	68.98	11.79	19.23
7	26.90	27.80	39.00	1.75	7.90	72.97	4.90	22.13
8	26.05	27.80	35.70	4.20	6.20	69.41	12.35	18.24
9	23.60	28.70	34.00	2.65	5.30	76.62	7.79	15.59
10	26.05	28.70	34.00	2.20	5.30	77.94	6.47	15.59
11	26.50	28.70	28.70	-	-	-	-	-
12	28.40	28.70	28.70	-	-	-	-	-
14	26.85	28.70	28.70	-	-	-	-	-
15	23.80	28.70	28.70	-	-	-	-	-
16	24.90	35.70	-	-	-	-	-	-

Sources:

Farm Price: 12 Farmers, 1 Co-Op, 1 Commission House, 1 Fruit Inspector

Wholesale Price : Wholesale Terminal Toronto

Retail Price : Farm Economics and Statistics Branch, Ontario Dept.

Agriculture, Toronto

Statistics Branch,

Ontario, Toronto

Agriculture, Toronto

Statistics Branch,

TABLE VIII

STRAWBERRIES, COMPARISON OF PRICES, FOUR FARMERS AND FOUR STORES, ONTARIO - 1958

Date	Farmer's Price per quart.	Store 1	Store 2	Store 3	Retail Spread per quart	Farmer's % of Consumer's Dollar	Retail % of Consumer's Dollar
June 16	Farmer 1 23	49	-	-	46.9	53.1	
17	23	39	25	22	59.0	41.0	
18	23	39	16	12	59.0	41.0	
19	24	39	15	16	61.5	38.5	
20	24	39	15	16	61.5	38.5	
21	24	39	15	16	61.5	38.5	
23	24	39	15	16	61.5	38.5	
24	24	35	11	15	68.6	31.4	
25	26	35	9	14	74.3	25.7	
June 9	Farmer 2 30	-	-	-	-	-	47.2
12	28	53	25	22	52.8	49.0	51.0
16	24	49	25	22	64.1	35.9	
19	25	39	14	12	71.4	28.6	
23	25	35	10	10	71.4	28.6	
24	25	35	10	10	71.4	28.6	
25	26	39	13	14	66.7	33.3	
June 9	Farmer 3 35	-	-	-	-	-	44.9
11	27	49	22	22	55.1	30.8	
13	27	39	12	12	69.2	41.0	
16	23	39	16	16	59.0	41.0	
17	23	39	16	16	59.0	41.0	
18	23	39	16	16	59.0	41.0	
19	24	39	15	15	61.5	38.5	
20	25	39	14	14	64.1	35.9	

STRAWBERRIES, COMPARISON OF PRICES (Cont'd) ONTARIO (page 2)

A - 21

Date	Farmer 4	Store 4	Farmer's % of Consumer's Dollar	Retail % of Consumer's Dollar
June 11	12	27	43.9	43.9
	13	27	20.7	20.7
	14	25	27.3	27.3
	15	23	27.3	27.3
	18	24	17.2	17.2
	20	24	24.2	24.2
	23	24	21.2	21.2
	24	25	25.7	25.7
	25	26	74.3	74.3
	26	26	78.8	78.8
	27	33	33	33

NOTE: Stores 1, 2 and 4 - No Wholesale. Direct from individual farmer to a retail store.
Store 3 .. Bought through Wholesale

POTATOES, ONTARIO - #1 TABLE
1957

Date	Average Farm Price per lb.	Average Wholesale Price per lb.	Average Chain Store Retail Price per lb.	Average Wholesale Spread per lb.	Retail Spread per lb.	Retail per lb.	% of Retail Prices Received by		
							A	B	C
Week of									
July 1	1.6	3.6	4.5	2.0	.9		35.6	44.4	20.0
8	2.1	3.4	4.8	1.3	1.4		43.8	27.0	29.2
15	2.4	3.2	4.1	.8	.9		58.5	19.5	22.0
22	1.1	2.5	3.7	1.4	1.2		29.7	37.9	32.4
29	1.2	2.4	3.2	1.2	.8		37.5	37.5	25.0
Aug.									
5	1.4	2.4	3.0	1.0	.6		46.7	33.3	20.0
12	1.4	2.4	3.1	1.0	.7		45.2	32.2	22.6
19	1.4	2.4	3.1	1.0	.7		45.2	32.2	22.6
26	1.3	2.4	3.0	1.1	.6		43.3	36.7	20.0
Sept.									
2	1.3	2.4	3.0	1.1	.6		43.3	36.7	20.0
9	1.5	2.5	3.2	1.0	.7		46.9	31.2	21.9
16	1.4	2.5	3.3	1.1	.8		42.4	33.4	24.2
23	1.4	2.4	3.1	1.0	.7		45.2	32.2	22.6
30	1.3	2.4	2.9	1.1	.5		44.8	38.0	17.2
Oct.									
7	1.3	2.4	3.0	1.1	.6		43.3	36.7	20.0
14	1.4	2.4	3.1	1.0	.7		45.2	32.2	22.6
21	1.1	2.4	3.1	1.3	.7		35.5	41.9	22.6
28	1.1	2.4	3.1	1.3	.7				
Nov.									
4	1.1	2.4	3.1	1.3	.7		35.5	41.9	22.6
11	1.1	2.4	2.4	1.3					
18	1.3	2.4	2.4	1.1					
25	1.3	2.4	2.4	1.1					
Dec.									
2	1.3								
9	1.3								

TABLE X
POTATOES - MARSH, ONTARIO
1957

Date	Average Farm Price per lb.	Average Wholesale Price per lb.	Average Chain Store Retail Price per lb.	Wholesale Spread per lb.	Retail Spread per lb.	% of Retail Prices Received by		
						A	B	C
July 22	2.9							
29	1.5							
Aug. 5	2.5	4.4	5.6	1.9	1.2	44.6	34.0	21.4
12	2.0	4.2	5.5	2.2	1.3	36.4	40.0	23.6
19	2.2	4.1	4.8	1.9	.7	45.8	39.6	14.6
26	2.1	4.0	4.6	1.9	.6	45.7	41.3	13.0
Sept. 2	2.1	3.9	5.0	1.8	1.1	42.0	36.0	22.0
9	2.0	3.7	5.0	1.7	1.3	40.0	34.0	26.0
16	2.2	3.7	4.8	1.5	1.2	45.8	31.3	22.9
23	2.0	3.8	5.0	1.8	1.2	40.0	36.0	24.0
30	1.8	3.9	5.0	2.1	1.1	36.0	42.0	22.0
Oct. 7	1.7	3.9	5.1	2.2	1.2	33.3	43.2	23.5
14	1.7	3.9	5.2	2.2	1.3	32.7	42.3	25.0
21	1.3	3.9	5.2	2.6	1.3	25.0	50.0	25.0
28	1.4	3.8	5.2	2.4	1.4	26.9	46.2	26.9
Nov. 4	1.5	3.6	5.1	2.1	1.5	29.4	41.2	29.4
11	1.6	3.6	5.0	2.0	1.4	32.0	40.0	28.0
18	1.8	3.7	5.4	1.9	1.7	33.3	35.2	31.5
25	2.0	4.0	5.2	2.0	1.2	38.5	38.4	23.1
Dec. 2	2.0	4.2	5.2	2.2	1.0	38.5	42.3	19.2
9	2.0	4.2	5.4	2.2	1.2	37.0	40.8	22.2
16	2.0	4.4	5.4	2.4	1.0	37.0	44.5	18.5
23	2.1	4.4	5.4	2.3	1.0	38.9	42.6	18.5
30	2.1	4.4	5.4	2.3	1.0	38.9	42.6	18.5

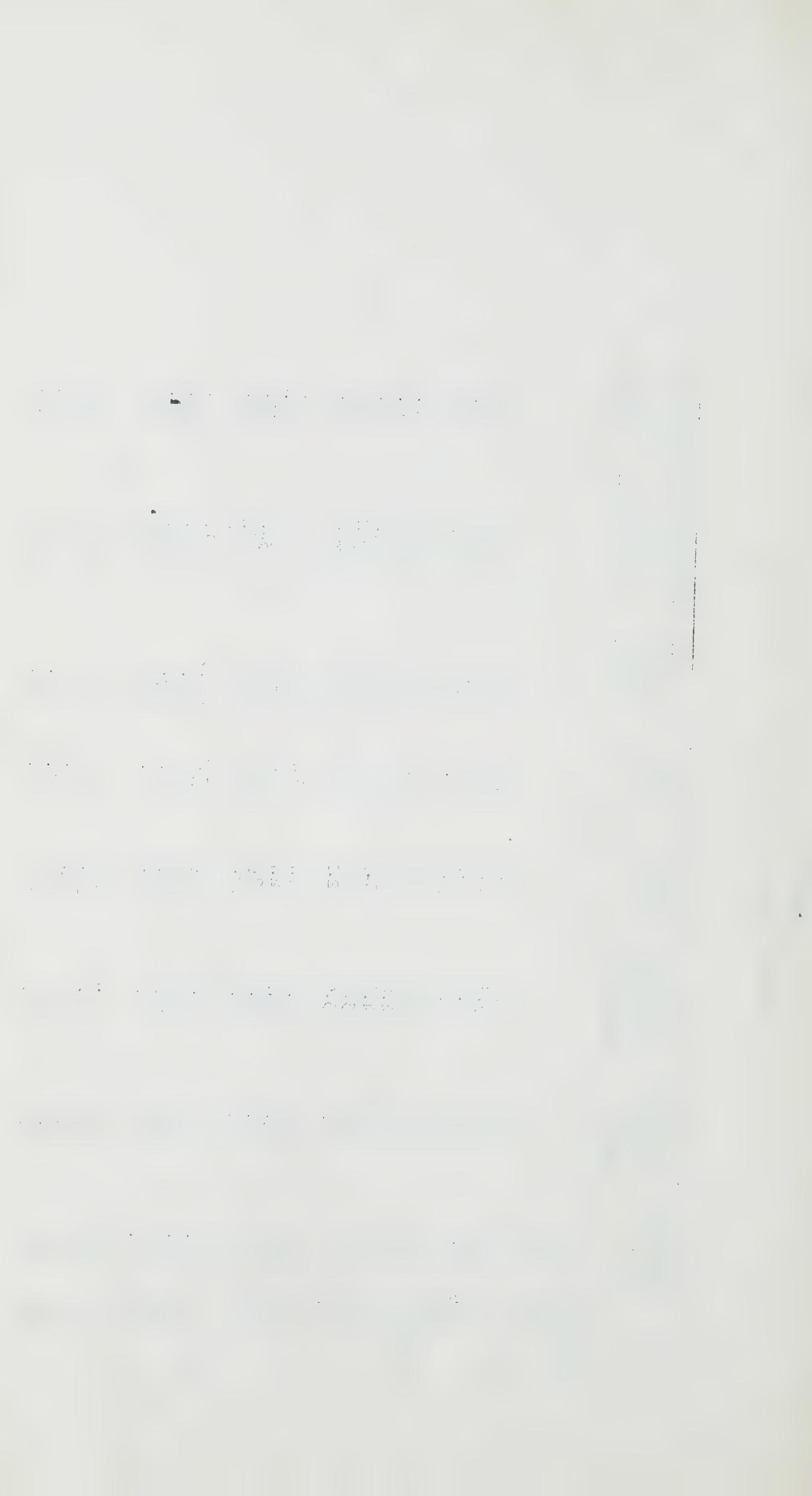


TABLE XI
TURNIPS RUTABAGAS - CANADA #1, ONTARIO
1957

Date	Average Farm Price per lb.	Average Wholesale Price per lb.	Average Chain Store Retail Price per lb.	Wholesale Spread per lb.	Retail Spread per lb.	% of Retail Prices Received by		
						A	B	C
<i>Week of</i>								
July 1	8	4.0	5.3					
15	3.7	5.3	3.3					
22	3.1	3.3	3.3					
29	2.5							
Aug.	5	1.8	3.3					
12	2.2	2.3	2.1					
19	1.9	2.1	2.0					
26	1.8							
Sept.	2	1.6	2.3	6.0	.7	3.7	26.7	11.6
9	2.1	2.2	5.7	.1	3.5	36.8	1.8	61.4
16	1.6	2.2	5.7	.6	3.5	28.1	10.5	61.4
23	1.7	2.4	5.5	.7	3.1	30.7	12.7	56.4
30	1.9	2.4	5.8	.5	3.4	32.8	8.6	58.6
Oct.	7	1.4	1.8	5.5	.4	3.7	25.5	7.2
14	.9	1.7	5.2	.8	3.5	17.3	15.4	67.3
21	.9	1.8	5.2	.9	3.4	17.3	17.3	65.4
28	.9	1.8	5.2	.9	3.4	17.3	17.3	65.4
Nov.	4	1.0	1.8	5.0	.8	3.2	20.0	16.0
11	1.1	1.9	5.0	.8	3.1	22.0	16.0	62.0
18	1.2	1.9	5.0	.7	3.1	24.0	14.0	62.0
25	1.2	1.9	5.2	.7	3.3	23.1	13.4	63.5
Dec.	2	1.2	1.9	5.2	.7	3.3	23.1	13.4
9	1.2	1.9	5.2	.7	3.3	23.1	13.4	63.5
16	1.2	1.9	5.2	.7	3.3	23.1	13.4	63.5
23	1.2	1.9	5.2	.7	3.3	23.1	13.4	63.5

TABLE XII
 CARROTS - TOPPED #1 - SMALL, ONTARIO
 1957

Date	Average FARM PRICE per lb.	Average Wholesale Price per lb.	Average Chain Store Retail Price per lb.	Wholesale Spread per lb.	Retail Spread per lb.	% of Retail Prices Received by		
						A Farmer %	B Wholesaler %	C Retail %
July 1	4.0	7.0	9.3	3.5	2.3	37.6	40.0	24.7
8	4.2	7.5	9.7	3.3	1.2	41.4	48.6	16.0
15	3.5	6.3	7.0	3.4	.7	41.4	48.6	10.0
22	3.0	6.3	7.3	4.1	1.2	27.4	56.2	16.4
29	2.9	6.1	7.3	3.5	.7	37.3	52.3	10.4
Aug. 5	2.0	6.0	6.7	2.2	1.8	40.3	32.8	26.9
12	2.5	4.9	6.7	2.4	1.3	40.3	38.7	21.0
19	2.7	4.9	6.2	2.4	2.3	33.8	30.8	35.4
26	2.5	4.9	6.5	2.0	1.8	36.7	33.3	30.0
Sept. 2	2.5	4.2	6.0	2.0	1.8	34.3	29.9	35.8
9	2.2	4.2	6.0	2.0	2.4	37.1	30.6	32.3
16	2.2	4.2	6.7	1.9	2.0	35.5	33.9	30.6
23	2.3	4.3	6.2	2.1	1.9	36.7	35.0	28.3
30	2.3	4.2	6.2	2.1	1.7	32.3	38.7	29.0
Oct. 7	2.2	4.3	6.0	2.1	1.8	36.7	46.6	16.7
14	2.2	4.3	6.0	2.1	1.7	36.7	35.0	33.8
21	2.0	4.4	6.2	2.4	1.8	32.3	34.5	29.9
28	2.2	4.4	6.2	2.8	1.0	36.7	46.7	15.0
Nov. 4	2.3	5.1	6.0	2.8	.9	38.3	35.0	33.8
11	2.4	5.1	7.7	2.7	2.6	31.2	35.6	32.5
18	2.7	5.4	7.7	2.7	2.3	35.6	39.7	27.2
25	2.7	5.4	8.0	2.7	2.6	33.8	42.5	27.4
Dec. 2	3.1	5.3	7.8	2.2	2.5	42.5	30.1	27.4
9	3.1	5.3	7.3	2.2	2.0	45.2	27.4	27.4
16	3.3	5.3	7.3	2.0	2.0	52.0	32.0	16.0
23	3.9	6.3	7.5	2.4	1.2	49.4	24.7	25.9
30	4.2	6.3	8.5	2.1	2.2			

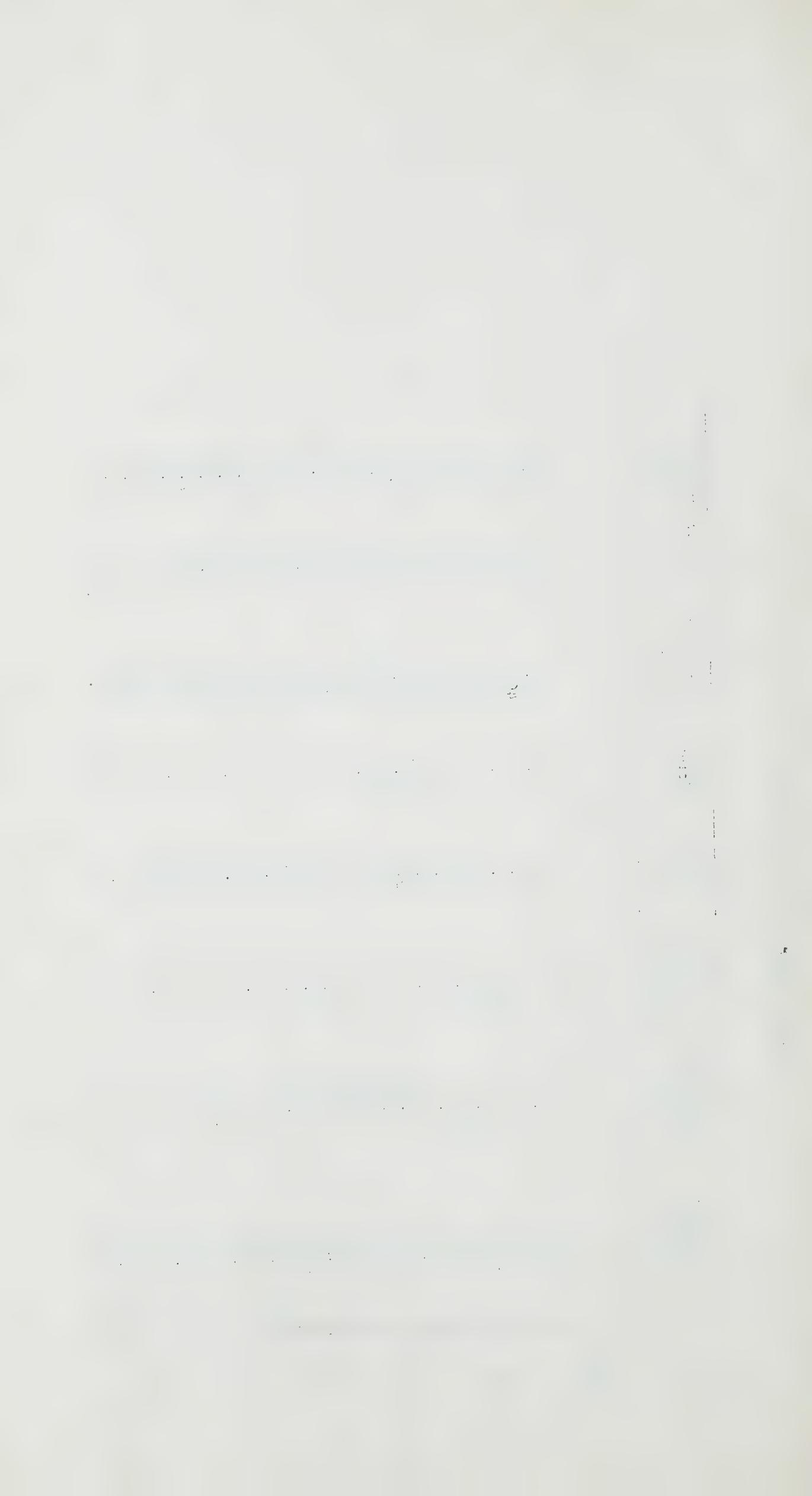


TABLE XIV
ONIONS - COOKING #1, ONTARIO
1957

		1	2	3	4	5	6	7	8
Date	Week of	Average Farm Price per lb.	Average Wholesale Price per lb.	Average Chain Store Retail Price per lb.	Wholesale Spread per lb.	Retail Spread per lb.	% Farmer %	% Wholesale %	Retail %
July	1	3.9	4.5	5.3	.8	1.6	4.4	46.4	45.4
	8	15	2.9	4.3	9.7	1.4	5.4	29.9	55.7
	15	2.6	2.6	3.7	9.0	1.1	5.3	28.9	56.7
	22	2.9	2.9	3.3	7.6	.4	4.3	38.2	56.6
	29	2.6	2.6	3.0	7.8	.4	4.8	33.3	61.5
Aug.	5	2.9	2.6	2.8	7.2	.6	4.4	30.6	8.3
	12	2.6	2.2	2.8	7.2	.9	4.2	30.6	12.5
	19	2.2	2.2	3.1	7.2	.6	4.2	29.4	8.8
	26	2.2	2.6	2.6	6.8	.6	3.6	30.2	12.7
Sept.	2	2.0	2.0	2.7	6.3	.8	3.7	23.8	57.1
	9	1.9	1.5	2.6	6.3	1.1	3.7	25.4	58.7
	16	1.6	1.6	2.4	6.3	.8	3.9	25.4	61.9
	23	1.6	2.4	2.4	6.3	.8	3.9	25.4	12.7
	30	1.6	2.4	2.4	6.0	.8	3.6	26.7	13.3
Oct.	7	1.6	1.6	2.4	6.0	.8	3.6	28.6	14.3
	14	1.6	1.6	2.4	5.6	.8	3.2	23.3	16.7
	21	1.4	2.4	2.4	6.0	1.0	3.6	25.0	15.0
	28	1.5	2.4	2.4	6.0	.9	3.6	31.7	60.0
Nov.	4	1.6	2.5	2.5	6.0	.9	3.5	26.7	58.3
	11	1.8	2.0	2.7	6.3	.7	3.5	30.0	11.7
	18	2.0	2.0	2.7	6.3	.7	3.6	31.7	11.2
	25	2.0	2.3	2.7	6.3	.7	3.6	36.5	57.1
Dec.	2	2.2	2.3	2.9	6.3	.4	3.4	34.9	54.0
	9	2.2	2.2	2.7	6.3	.7	3.6	34.9	8.0
	16	2.2	2.2	2.7	6.3	.5	3.6	34.9	57.1
	23	2.2	2.7	2.7	6.3	.5	3.6	34.9	8.0
	30	2.1	2.7	2.7	6.3	.6	3.6	33.3	9.6

TABLE XV
STAKE TOMATOES - ONTARIO 1953 1/

Stake Tomatoes Bought From a Farmer in 6 qt. Baskets	Costs of Wholesale and Cartage Com- bined - 10¢ a 6 qt. Basket	6 Quart Basket	1 Quart Box	Wholesale			Retail ^A Spread per 6 Qt.			Retail ^B Spread per 6 Qt.			Retail ^C Spread per 1 lb. Boxes				
				A	B	C	1 Lb. Stores	6 qt. 1 qt. 1 lb.	Basket	1 Lb. Stores	6 qt. 1 qt. 1 lb.	Basket	1 Lb. Stores	6 qt. 1 qt. 1 lb.	Basket	1 Lb. Stores at 1 qt. Lots	
Aug. 4	90¢	10¢		1.59			29	35	--	10	1.67	1	69			---	2.00
Aug. 5	80	10		1.59	39		25	29	25	10	1.67	1	69			1.60	2.00 1.60
Aug. 6	75	10		1.59	39		23	23	23	10	1.67	1	74			1.49	1.45 1.45
Aug. 7	90	10		1.59	39		23	23	23	10	1.67	1	59			1.34	1.30 1.30
Aug. 8	90	10		1.59	33		23	23	23	10	1.67	1	59			1.34	1.30 1.30
Aug. 9	---	---		---	33		23	23	23	10	1.67	1	59			---	2.00

1/ To illustrate changes in margins when farmers sell in standard units, and the standard unit is changed into selling units at the retail level.

Source of Information:

Farm Prices - Farmer
Retail Prices - Farm Economics and Statistics Branch,
Statistics Section,
Ontario Department of Agriculture.

6 qt. Baskets - 10 lb. Marketing Service, Economics Division, Dominion Department of Agriculture.

Prepared by:
Farm Economics & Statistics Branch,
Ont. Department of Agriculture,
Toronto, September 1958.

Table XVIBEANS, BEETS AND LETTUCE, ONTARIO
1958

Date	Farmers Price per. 1b.	Store Price per. 1b.	Retail Spread per. 1b.	Farmers % Of Consumers Dollar	Retail Store % Of Consumers Dollar
<u>Green Beans</u>					
July 23	6.8	9.5	2.7	71.6	28.4
July 30	6.4	12.5	6.1	51.2	48.8
Aug 5	6.8	9.5	2.7	71.6	28.4
Aug 6	7.7	9.5	1.8	81.1	18.9
Aug 7	7.7	12.5	4.8	61.6	38.4
Aug 11	7.7	14.5	6.8	53.1	46.9
Aug 12	6.8	14.5	7.7	46.9	53.1
Aug 14	6.8	14.5	7.7	46.9	53.1
<u>Beets Bunched</u>					
July 15	3.75	7.67	3.92	48.9	51.1
July 16	3.75	7.67	3.92	48.9	51.1
July 22	3.75	7.67	3.92	48.9	51.1
July 23	4.17	7.67	3.50	54.4	45.6
<u>Lettuce</u>					
July 10	3.19	Per Head ϕ 15.00	Per Head ϕ 11.81	Per Head ϕ 21.3	Per Head ϕ 78.7

NOTE: No Wholesale - Direct From Individual Farmer To A Retail Store

BRADFORD MARSH LETTUCE - ONTARIO - 1958

TABLE I^{1/}

Date	Average	Average	Avg.	Spread per Head	Spread per Head	% of Retail Prices Rec'd By		
	Farm Price per Head	Wholesale Price per Head	Chai. Store Retail Price per Head			Retail	Farmer	Wholesale
June 26	8.35	13.5	16.25	5.15	2.75	51.38	31.69	16.93
27	7.10	11.0	16.25	3.90	5.25	43.69	24.00	32.31
28	7.10	11.0	17.10	3.90	6.10	41.52	22.81	35.67
30	5.64	9.4	17.40	3.76	8.00	32.41	21.61	45.98
July 1	5.64	-----	-----	-----	-----	-----	-----	-----
2	5.85	8.9	15.40	3.05	6.50	37.99	19.81	42.20
3	4.51	8.0	15.10	3.49	7.10	29.87	23.11	47.02
4	4.51	8.0	15.90	3.49	7.90	28.36	21.95	49.69
5	4.38	6.9	15.90	2.52	9.00	27.55	15.85	56.60
7	4.18	6.8	14.20	2.62	7.40	29.44	18.45	52.11
8	4.09	5.9	13.05	1.81	7.15	31.34	13.87	54.79
9	3.84	5.7	13.30	1.86	7.60	28.87	13.98	57.15
10	3.84	5.4	12.90	1.56	7.50	29.77	12.09	58.14
11	3.84	5.4	12.50	1.56	7.10	30.72	12.48	56.80
12	3.84	5.4	12.50	1.56	7.10	30.72	12.48	56.80
14	4.09	5.0	13.25	0.91	8.25	30.87	6.87	62.26
15	4.09	5.0	13.40	0.91	8.40	30.52	6.79	62.69
16	4.09	5.0	13.15	0.91	8.15	31.10	6.92	61.98
17	4.09	6.0	13.15	1.91	7.15	31.10	14.53	54.37
18	4.30	6.0	13.40	1.70	7.40	32.09	12.69	55.22
19	3.97	6.0	13.40	2.03	7.40	29.63	15.15	53.32
21	4.09	6.0	12.75	1.91	6.75	32.08	14.98	52.94
22	3.84	5.0	12.50	1.16	7.50	30.72	9.28	60.00
23	3.67	5.7	12.50	2.03	6.80	29.36	16.24	54.40
24	3.84	4.7	12.25	0.86	7.55	31.35	7.02	61.63
25	3.84	4.7	12.50	0.86	7.80	30.72	6.88	62.40
26	3.78	4.7	12.75	0.92	8.05	29.55	7.22	63.13
28	3.88	5.7	12.25	1.82	6.55	31.67	14.86	53.47
29	3.88	5.5	12.25	1.62	6.75	31.67	13.22	55.11
30	3.88	6.0	12.25	2.12	6.25	31.36	17.62	51.02
31	3.88	5.7	11.00	1.82	5.30	35.27	16.55	48.18
Aug. 1	3.88	5.7	11.00	1.82	5.30	35.27	16.55	48.18
2	3.67	5.3	13.00	1.63	7.70	28.23	12.54	59.23
4	4.09	4.9	-----	0.81	-----	-----	-----	-----
5	4.09	4.9	12.25	0.81	7.35	33.39	6.61	60.00
6	4.09	5.4	12.25	1.31	6.85	33.39	10.69	55.92
7	4.09	4.7	12.25	0.61	7.55	33.39	4.98	61.63
8	4.09	4.7	12.00	0.61	7.30	34.08	5.09	60.83
9	3.97	4.7	-----	0.73	-----	-----	-----	-----
11	3.84	4.7	12.10	0.36	7.40	31.73	7.10	61.17
12	3.84	4.7	12.10	0.86	7.40	31.73	7.10	61.17
13	3.84	4.7	12.10	0.86	7.40	31.73	7.10	61.17
14	3.84	4.7	11.25	0.86	6.55	34.13	7.65	58.22
15	3.84	4.7	11.25	0.86	6.55	34.13	7.65	58.22
16	3.84	4.7	-----	0.86	-----	-----	-----	-----
18	4.09	4.7	12.00	0.61	7.30	34.08	5.09	60.83
19	4.09	4.7	12.00	0.61	7.30	34.08	5.09	60.83
20	4.09	4.7	12.00	0.61	7.30	34.08	5.09	60.83
21	4.09	5.7	12.00	1.61	6.30	34.08	13.42	52.53
22	4.59	5.9	12.00	1.31	6.10	38.25	10.92	50.83
23	4.59	5.9	12.00	1.31	6.10	38.25	10.92	50.83

TABLE XVIII
BUTTER - ONTARIO - 1957

Date	Week of	Average Farm Price per lb. at Creamery	Average Wholesale Price per lb.	Chain Store Retail Price per lb.	Retail Spread per lb.	% of Retail Prices Received by		
						Retail Farmer %	Wholesale Farmer %	Retail Farmer %
July 1	47.2	57.9	64.0	10.7	6.1	73.8	2.5	16.7
8	47.2	58.5	64.0	11.3	5.5	73.8	8.6	17.6
15	48.4	59.0	64.5	10.6	5.5	75.0	8.5	16.5
22	48.4	59.8	64.8	11.4	5.0	74.7	7.7	17.6
29	49.2	60.2	65.2	11.0	5.0	75.5	7.7	16.8
Aug. 5	49.2	60.5	65.5	11.3	5.0	75.1	7.6	17.3
12	50.0	62.4	66.0	12.4	3.6	75.8	5.5	18.7
19	51.6	61.8	66.2	10.2	4.4	77.8	6.6	15.5
26	51.6	61.8	67.0	10.2	5.2	77.0	7.8	15.2
Sept. 2	51.6	62.0	67.5	11.4	5.5	76.4	8.1	15.5
9	52.4	62.0	68.0	9.6	6.0	77.1	14.1	8.8
16	52.4	62.0	68.0	9.6	6.0	77.1	14.1	8.8
23	52.4	62.0	68.0	9.6	6.0	77.1	14.1	8.8
30	52.4	61.7	68.0	9.3	6.3	77.1	13.6	9.3
Oct. 7	52.4	61.7	68.1	9.3	6.4	76.9	9.4	13.7
14	52.4	61.5	68.0	9.1	6.5	77.1	13.3	9.6
21	52.4	61.5	68.0	9.1	6.5	77.1	13.3	9.6
28	52.4	61.5	68.0	9.1	6.5	77.1	13.3	9.6
Nov. 4	52.4	61.5	68.0	9.1	6.5	77.1	13.3	9.6
11	52.4	61.8	68.0	9.4	6.2	77.1	13.8	9.1
18	52.4	62.2	68.0	9.8	5.8	77.1	14.4	8.5
25	52.4	62.0	68.0	9.6	6.0	77.1	14.1	8.8
Dec. 2	52.4	63.0	67.8	10.6	4.8	77.3	15.6	7.1
9	52.4	63.0	68.2	10.6	5.2	76.8	15.6	7.6
16	52.4	63.0	68.2	10.6	5.2	76.8	15.6	7.6
23	53.2	63.8	68.5	10.6	4.7	77.7	15.4	6.9
30	53.2	63.3	68.5	10.6	4.7	77.7	15.4	6.9

ONTARIO - EGGS - GRADE "A" MEDIUM - 1957									
Date	Week of	Average Farm Price per doz.	Average Wholesale Price per doz.	Average Chain Store Retail Price per doz.	Wholesale Spread per doz.	Retail Spread per doz.*	% of Retail Prices Received by Farmer %	% of Retail Prices Received by Wholesale %	Retail %
		Poultry Products Div. per doz.							
July 1	.33	.42	.47	.47	9	5	19.2	29.6	10.6
8	.36	.52	.54	.54	16	2	66.7	3.7	3.7
15	.46	.57	.60	.60	11	3	76.7	18.3	5.0
22	.48	.51	.60	.60	3	9	80.0	5.0	15.0
29	.46	.48	.58	.58	2	10	77.3	3.5	17.2
Aug. 5	.40	.44	.56	.56	4	12	71.4	7.2	21.4
12	.32	.40	.50	.50	8	10	64.0	16.0	20.0
19	.32	.38	.48	.48	6	10	66.7	12.5	20.8
26	.34	.42	.48	.48	8	6	70.8	16.7	12.5
Sept. 2	.36	.42	.50	.50	6	8	72.0	12.0	16.0
9	.40	.44	.54	.54	4	10	74.1	7.4	18.5
16	.40	.44	.54	.54	4	10	74.1	7.4	18.5
23	.32	.42	.50	.50	10	8	64.0	20.0	16.0
30	.32	.40	.49	.49	8	9	65.3	16.3	18.4
Oct. 7	.32	.41	.48	.48	9	7	66.7	18.7	14.6
14	.34	.42	.48	.48	8	6	70.8	16.7	12.5
21	.36	.46	.50	.50	10	4	72.0	20.0	8.0
28	.39	.46	.50	.50	7	4	78.0	14.0	8.0
Nov. 4	.36	.43	.50	.50	7	7	72.0	14.0	14.0
11	.38	.47	.51	.51	9	4	74.5	17.7	7.8
18	.34	.43	.50	.50	9	7	68.0	18.0	14.0
25	.34	.42	.50	.50	8	8	68.0	16.0	16.0
Dec. 2	.32	.41	.46	.46	9	5	69.6	19.5	10.9
9	.34	.42	.46	.46	8	4	73.9	17.4	8.7
16	.32	.42	.46	.46	10	4	69.6	21.7	8.7
23	.31	.48	.41	.41	10	7	64.6	20.8	14.6
30	.30	.47	.40	.47	10	7	63.8	21.3	14.9

APPENDIX 6 STATISTICS ON THE MILK INDUSTRY IN ONTARIO

Table XX
GROWTH OF BULK METHOD OF HANDLING MILK

FLUID MARKET	Number of Dairies			Number of Bulk Transports			Number of Bulk Producers		
	1956	1957	1958	1956	1957	1958	1956	1957	1958
AURORA	1	2	2	2	3	3	38	55	56
BARRIE	1	1	1	1	1	1	35	31	38
BOLTON	-	1	1	-	1	1	-	7	8
BOWMANVILLE	-	-	1	-	-	1	-	-	13
FORT WILLIAM	-	-	1	-	-	1	-	-	19
GALT	-	-	1	-	-	1	-	-	18
GUELPH	-	1	1	-	2	2	-	30	31
HAMILTON	1	2	4	1	2	6	12	10	97
INGERSOLL	-	1	1	-	1	1	-	8	9
KITCHENER	1	1	1	1	2	2	32	36	37
LONDON	-	1	1	-	1	1	-	27	35
MARKHAM	-	1	1	-	1	1	-	8	8
NEWMARKET	-	1	1	-	1	1	-	8	8
OSHAWA	1	3	3	2	5	5	29	95	95
OTTAWA	-	1	1	-	1	1	-	26	24
PEMBROKE	-	-	1	-	-	1	-	-	11
PORT HOPE	-	-	1	-	-	1	-	-	17
SMITHS FALLS	-	1	2	-	1	2	-	4	12
ST. CATHARINES	-	1	1	-	2	2	-	43	41
TORONTO	7	12	15	11	39	110	292	952	2,169
WHITBY	1	1	1	1	1	1	15	16	15
WOODBRIDGE	-	-	1	-	-	1	-	-	18
WOODSTOCK	-	1	1	-	1	1	-	9	8
TOTAL FLUID	13	32	44	19	65	147	453	1,365	2,787
CONCENTRATED MILK PLANT			1			1			14
TOTAL	13	32	45	19	65	148	453	1,365	2,801

Table XXI
PRICE FORMULA CALCULATIONS

Month	Formula Price Monthly Average	Change in Price			Basic Price
		3 Months Average	Monthly Plus or Minus	3 Months Average Plus or Minus	
July '54	4.48	4.48			4.53
July '55	4.645	4.62	+ .115		4.53
Aug. '56	4.716	4.66	+ .186	+ .13	4.53
Sept. '56	4.7238	4.6955	+ .1938	+ .1655	4.53
Oct. '56	4.7463	4.7288	+ .2163	+ .1987	4.72
		New Basic Price effective November 1, 1956 - \$4.72			
July '57	4.8943	4.8902	+ .1743	+ .1703	4.72
Aug. '57	4.9286	4.9066	+ .2086	+ .1866	4.72
Sept. '57	4.9419	4.9216	+ .2219	+ .2016	4.91
		New Basic Price effective October 1, 1957 - \$4.91			
Oct. '57	4.9653	4.9452	+ .0553	+ .0352	4.91
Nov. '57	4.9532	4.9534	+ .0432	+ .0434	4.91
Dec. '57	4.9469	4.9551	+ .0469	+ .0451	4.91
Jan. '58	4.9355	4.9452	+ .0255	+ .0352	4.91
Feb. '58	4.9690	4.9504	+ .0590	+ .0404	4.91
Mar. '58	4.9172	4.9405	+ .0072	+ .0305	4.91

Fluid Milk Sales in the Toronto Market, 1952-1957

Year	(A) By Type of Milk		
	Standard Milk	2% Milk	Skim Milk
	Total Millions of qts.	Total Millions of qts.	All Fluid Milk (1) (Incl. Skim Milk)
1952	112.4	11.7	9.0
1953	117.9	10.3	10.2
1954	127.4	9.9	11.4
1955	135.1	8.7	12.6
1956	135.0	7.3	6.1
1957	135.4	6.4	11.8

(1) The overall sales figures given in the table are higher than the aggregate figures for the four columns, because for some fluid milk sold in the market a breakdown by type of milk could not be obtained.

(B) By Type and Size of Container

Period in quarters	Sales of Standard Milk						Total Sales of Standard Milk in quarts				
	Three Quart			Two Quart			Quart				
	Glass	Paper	Glass	Paper	Glass	Paper	Amount	% of Sales	Amount	% of Sales	
1957	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	Amount	% of Sales	
1st	-	-	-	-	24,045,621	71.9	5,823,123	17.5	33,344,263	100.0	
2nd	194,349	1.7	535,274	3.1	23,690,825	68.2	5,611,742	16.2	34,728,302	100.0	
3rd	312,460	2.9	830,210	5.1	20,434,083	62.2	6,107,109	18.7	32,741,645	100.0	
4th	421,082	3.7	1,110,672	6.4	21,219,821	60.2	6,302,150	18.2	34,590,229	100.0	
1958	1st	463,960	4.1	1,149,028	6.7	21,128,573	61.5	5,851,797	17.0	34,273,049	100.0
	2nd	414,954	3.6	1,171,624	6.8	20,639,425	59.5	5,624,455	16.2	34,685,638	100.0



